THE Freeman

IDEAS ON LIBERTY

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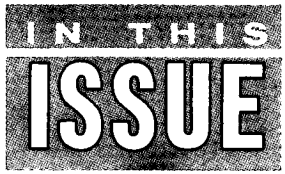

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Anyone wishing to communicate with authors may send first-class mail in care of THE FREEMAN for forwarding.

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THE Freeman

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HAROLD O. J. BROWN

"THE QUESTION," writes Oxford philosopher, A. J. Ayer, "how a man ought to live is one to which there is no authoritative answer. It has to be decided by each man for himself." To this, Britain's sharp polemicist, Sir Arnold Lunn, makes the comment, "And if Himmler decides that his way of life involves massacring millions of Jews in gas chambers, there is no criterion by which we pronounce this way of life to be inferior to that of St. Francis."[1]

We are all familiar with the way in which the monolithic Soviet system exercises thought control – the February sentencing of writers Sinyavsky and Daniel to a total of twelve years' hard labor is the most recent example. We are less aware of the fact that in our own Western civilization there is also a growing monolithic thought control, not enforced by a totalitarian dictatorship, nor involving jail sentences, but gradually becoming almost as pervasive, and ultimately as destructive of freedom of thought. A. J. Ayer's contention, which sounds harmless enough, even commendable and in the good old American tradition of independent initiative ("to be decided by each man for himself"), is a good example of a stage in the process by which we, too, are losing freedom of the mind.

If we ever reach the point which Lunn foresees, when we can no longer distinguish between Heinrich Himmler and St. Francis of Assisi, then legal freedom of thought will mean nothing, because we will have lost the ability to think. In such a situation a constitutional guarantee will be as irrelevant as freedom of the seas for a nation without ships.

[1] Ayer's statement and Lunn's comment in Sir Arnold Lunn, *The Revolt Against Reason* (London: Eyre and Spottiswoode, 1950), p. 221.

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Mental Equipment

Freedom of thought is not guaranteed by the mere absence of legal sanctions against it. It demands a certain amount of mental equipment, which cannot be legislated, but which must be provided by education – both by education in the narrow sense of that formally imparted in schools, and in the larger sense of the experience of living with people and institutions in a society. There is no immediate danger of governmental thought control in Western countries, but we in the United States, and elsewhere in the West, are nonetheless approaching a critical stage in the battle for the mind.

The famous German physicist, Werner Heisenberg, went through a rather thorough grounding in classical languages. Far from considering this a waste of time for his career as a scientist, Heisenberg has written that he considers it most valuable. Having to deal with firm and unchanging realities, such as Latin declensions, sharpened his wits and gave him the mental equipment and discipline so necessary to competent scientific research. Without the mental equipment provided and improved by the encounter with unyielding facts, Heisenberg's later accomplishments would have been unthinkable. In the moral and intellectual sphere, in which freedom of thought and expression is to operate, the necessary mental equipment includes a clarity and toughness of thought which in turn depends on recognizing that there is such a thing as truth and that there are values which are absolute.

Few people would like to see themselves in the role of the Roman governor, Pontius Pilate, as he is described in the pages of the Bible – vain, weak, willing to sacrifice a man whom he knew to be innocent in order to spare himself any unpleasantness with Tiberius Caesar. Yet how many ask the same question which Pilate asked, "What is truth?" and mean to say the same thing which he meant, "It all depends on how you look at it." This observation, like Ayer's, is plausible enough, and sometimes is appropriate. But it can also be deadly, and ultimately destructive of human intellectual freedom and dignity. Freedom and dignity depend on the conviction, and on the fact, that there are some things which are unchanging, which do not "all depend on how you look at them."

Brainwashing, "Free Society" Style

In addition to the compulsion which subjects of a totalitarian state suffer, it must be seen that even a free society has its own brand of conformism, which is

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not imposed by law but which can be almost equally effective. The unchallenged authority exercised among teenagers by certain fads (and a similar power shown among adults by certain fashions) offers a readily recognizable example of a control which is not enforced by law, but which can be quite effective. Fads and fashions are often harmless, but we are beginning to notice that their unchallenged power can lead to tragedy — as, for example, when the emphasis on "having experiences" leads a person to take the first step on the road to drug addiction.

Every society, every culture, every sub-culture (for example, teenagers or retired people) has its own conventions, its consensus of values. Sometimes these are derived from clearly stated principles or teachings, as the Ten Commandments, sometimes from traditions and habits which are harder to trace down. Conventions certainly can outlive their usefulness and become actually harmful; on the other hand, to discard them because they are "outworn" often turns out to mean the loss of values which cannot easily be replaced.

In free society one variety of brainwashing is the repudiation, at the command of the intellectual climate or the "spirit of the age," of important intellectual traditions or axioms, *without discussion* and *without due cause*. There are fashions in thinking as well as in clothes, and often one intellectual principle may be discarded and replaced by another with no more discussion or reason behind it than can be given for a change in the height of a hemline. In the realm of the intellect this is dangerous: there is no way to counteract it save by thoughtful analysis and criticism.

It is important to note that valuable intellectual traditions can be discarded just as thoroughly as last year's fashions, and with much more serious effects, by a process which is so subtle that one does not notice it until it is too late. The repudiation is not done *clearly* and openly, because if so it would produce discussion and perhaps opposition; but it can be quite *complete* for all of its lack of clarity. An example is found in the molding effect exercised by a type of introductory general education course found in many colleges, with a title such as "The Authoritarian Personality" or "The True Believer." Anyone who has glanced at the books which bear those famous names will recognize that while technically they are studies of extreme examples, they can carry the implication that authority per se, or committed belief per se, is

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dangerous and leads to mental imbalance.

The presentation which this type of material receives and the climate in which it is discussed, often have an effect which goes beyond the implications of a scholarly study. Even in the hands of a perfectly ethical and neutral teacher or discussion leader the current intellectual fashion can take a subject like "the true believer," and give it an impact which seriously questions any and all genuine commitment.

Intellectual Relativism

The consequence of such brainwashing by fashion and environment, rather than by force, is the establishment of intellectual and moral relativism. Advocates of this position have in their favor the fact that those who stand for absolute values often have tried to establish their intellectual principles by physical force. Martin Luther once said that converts should be made only by the "sword of the word," and not by the sword of steel; but even Luther did not always follow his own advice, and others were considerably worse.

Against any who would enforce religious or philosophical conformity, it is necessary in the name of freedom to insist on the *practical* principle of tolerance. But in the name of that same freedom it is necessary to oppose the *intellectual* principle of relativism. Relativism, while it begins by promoting freedom, proceeds to the destruction of values, and ends by exacting a new kind of thought control which deprives men of their dignity as responsible beings.

Relativism as an intellectual principle is becoming more and more dominant on the American scene, and can almost be taken for granted (as I have observed time and again, in discussions with students). Usually it is fostered by indirect but effective means, as in the polemics against the authoritarian personality and the true believer. Seldom does the *relativization of all values* receive as unambiguous a statement, or one which so clearly reveals where it leads, as that which follows:

> First of all it [relativization of values] requires real maturity. It demands that all men be drawn into the secularization process so that *no one clings to the dangerous precritical illusion that his values are ultimate.* All idols and icons [by this is meant, every ultimate religious or moral commitment – H.O.J.B.] must be exposed for the relative, conditional things they are. Tribal naïveté must be laid to rest everywhere, and everyone must be made a citizen of the land of broken symbols. In this way the process which has destroyed the old

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basis for social solidarity now provides the basis for a new one.[2] (emphasis mine)

This is a wonderfully illustrative statement. It reveals, first of all, the totalitarian tendency of the relativistic climate: no one is allowed to think his values are absolute. In effect, no one is to be allowed to believe in God in the way in which historic Judaism and Christianity have done. This freedom of belief is guaranteed, in theory at least, even in Soviet Russia – but not by a modern relativist.

Secondly, it illustrates the fact that values are dismissed *without discussion* and *without due cause.* It is not clearly said that if one may not hold certain values to be ultimate, one may therefore not believe in God. To have said this would have been too plain, and might have provoked an argument, while the same effect can be more easily obtained by the subtle but persistent influence of the innuendo. Such belief is referred to as an "illusion," when the less derogatory word "conviction" would have served as well, and at least would have allowed for the possibility that a religious conviction might in fact be true. This, however, is a possibility which the relativist is not even willing to discuss.

The use of words like "precritical," "tribal naïveté," and "idols" further illustrates the tendency. The person who allows himself to enter a discussion on these terms is already at a tremendous disadvantage in trying to fight his way clear of relativism. Language used uncritically becomes a tool in the hands of the enemy.

Captured Words: "Freedom"

The communist technique of taking over certain words entirely for their own use is well known. "People's democracy" is the stock designation for a communist country, and the word "people" has been so successfully captured that it can hardly be used in some European languages except to refer to a communist movement. In addition to plastering the opposition with certain opprobrious labels, of which "tribal naïveté" for "Christian faith" is a perfect example, the spirit of cultural brainwashing captures certain words for its exclusive use, e.g., "freedom." Thus, relativism is good because it leads to freedom (except, of course, the freedom to believe that your beliefs are actually true – in other words, except freedom to think). The ability to get along without ideals is paraphrased as "freedom" or "real maturity."

[2] Harvey E. Cox, *The Secular City* (New York: Macmillan, 1965), pp. 34-35.

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Another age would have called it lack of character, and so would we, if the intellectual climate had not frightened us by its attacks on the "authoritarian personality" into equating strength of character with mental illness.

Relativism = Freedom?

To argue that relativism leads to freedom has at least three flaws. First, as in the passage quoted, the argument supposes that by destroying the old basis for social solidarity (in our case, the values and standards of Western civilization) a basis will be provided for a new one. Even if this argument were true, which is open to question, what defense would we have in the interim, while waiting for the new basis to come to us, against the determined efforts of people who are still "tribally naïve" enough to work and fight for their values (such as the communists)?

Secondly, the theoretical question must be asked: can one actually throw away all ultimate values? Will one not simply discard a well-thought-out, relatively time-honored set to accept, willy-nilly, a set of uncritical and unarticulated but equally absolute assumptions? The contemporary Dutch jurist and philosopher, Herman Dooyeweerd, has argued that the very nature of thought itself requires that a person assume absolute values: the only question is whether he will recognize this, and name them, as a rationally committed person does, or whether they will merely be unvoiced assumptions.[3] In religious terms, it has always been put thus: man must worship, and if he is not willing to worship God, then he will find himself worshiping an idol. There is no *proof* for this statement, but Dooyeweerd has shown that it is at least worth taking seriously.

Thirdly, there is the very serious question: can there be any meaningful freedom in the total absence of authority? We know that this is impossible in practical social living: every man requires that his government have at least enough authority to guarantee him a minimum of peace and security. Otherwise, to say that he is "free" can be true but pointless. The English archbishop, Thomas Cranmer, wrote that perfect freedom is found in the service of God. By this he meant, not least, that ultimately God will vindicate his servants despite the presence of tyrants, such as the one who took Cranmer's life in 1556. Keeping the phrase "under God" in the pledge of allegiance will not

[3] Herman Dooyeweerd, *In the Twilight of Western Thought* (2nd ed.; Nutley, N. J.: Craig Press, 1965).

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do much for the religiousness of the children who recite it, but it just may keep the men who run and shape the government aware that finally they will not be absolute, but will have to answer to a higher Authority. Tyrannical authority is destructive of freedom, but so is the absolute absence of authority.

Authority to Criticize

Freedom depends on authority and responsibility. As a Christian I do not insist that I have the only workable concept of authority and responsibility. I recognize and am glad that there are others, both in other religious traditions and outside of all religious traditions, who also have a workable view of authority and responsibility. But I contend that pure relativism, the totalitarian relativism of the kind exemplified above, is ultimately destructive of both, and, if allowed to spread unchecked and uncriticized, will deprive people of the ability to think freely and to choose their own values and loyalties, and will ultimately deliver them into the hands of a tyranny far more oppressive than the narrowest kind of religious exclusiveness.

On the contrary, it is precisely from a position of well-informed commitment that mutual tolerance is possible. Much of the religious prejudice and persecution of past centuries resulted from the fact that people were unsure of their own position, and afraid that it could not stand the challenge of a free clash of opinions. In the last few centuries, Christianity has again had to learn to stand on its own feet – as it did in its earliest centuries, unsupported by any government – and is stronger for the experience. No longer would any serious Christian demand that for his own sense of security all opposing views be broken down by force – yet that is precisely what the relativist does in the name of freedom.

Freedom and Truth

It is to obtain freedom that we are asked to become relativists. But ultimately freedom requires responsibility, which is just what relativism destroys. We live in a pluralistic society, and in a pluralistic world; we must recognize that it is neither right (nor practical) to attempt to impose any set of absolute values by force. But once we have given up the conviction that there *are* absolute values, then it is only a short step before we are unable to distinguish Heinrich Himmler from St. Francis. In a crowded world the only possibility for all to have freedom is for individuals to have integrity. The integrity of the in-

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dividual depends to a large extent on his commitment to truth. (Here and there a moral relativist can be found who nevertheless behaves with complete personal integrity. But these are rare cases, what we might call happy inconsistencies.)

The cry of the age, in America and throughout much of the world, is "Freedom Now!" Jesus said, ". . . the truth shall make you free." He spoke of himself, but also meant this: where there is no truth, ultimately there is no freedom. In the battle for the mind, we may safely dispute about *what* is true; but we must never cease to maintain *that* truth is, for without it we cannot be free.

A Countermeasure

In opposition to this deadly drift, several things are necessary: first it must be recognized that there is a drift, a monolithic climate, which is slowly but relentlessly submerging intellectual and moral values without ever openly attacking them or proving them wrong. Second, one must be prepared to criticize the assumptions of this intellectual climate, not accept them; by accepting them, the battle is lost before it is well begun. Third, one must be prepared to have, in the words of Belloc, the courage of one's prejudices. It is without a doubt true that any firmly held position has elements of prejudice in it. However, as one noted Russian theologian says, "Anyone who says he is not prejudiced is a liar." And that goes for "liberals" as well as for "conservatives." Real freedom is possible when, and only when, men of different opinions can meet in mutual respect – not when the motto is, "Let us all give up our convictions, and build on a total absence of ideals." Quarreling about principles may be unpleasant, but it is far healthier than having no principles.

A Need to Re-examine Basic Principles and Premises

In the continuing battle for the mind, which may be more crucial for America than the totalitarian threat from outside, we must recognize that the principles by which we think are being challenged. A nineteenth-century revolutionary song says, "Thoughts are free. No one can guess them." This is true in the twentieth century too – but, if the present drift continues, we will be unable to think anything but pale and lifeless thoughts which are not worth guessing.

The only answer to this is to bring some basic principles out into the open again: Let the Protestant and the Catholic challenge each other; the atheist, the believer; and let each see for him-

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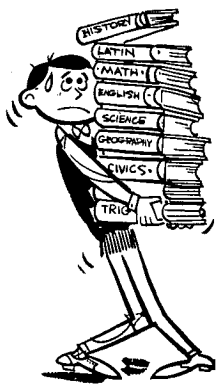
self – and let the other see – whether he is a man of conviction, or merely a creature of habit.

Such a course of action will produce some heat; it will produce some hurt feelings. It will produce some people who are shocked to learn that they really know nothing about what they always thought that they believed. But it ought also to produce, or at least uncover, individuals who know what they stand for: men of integrity, "whole" men; and these are the building blocks of a free society. ◈



Freedom through EDUCATION

ROBERT K. NEWELL

SINCE FOUNDATIONS of human progress are laid in education, the future can be no more purposeful than the legacy of human values each generation leaves to the next. Every generation is entrusted with the social and political hopes of future generations, just as human values now enjoyed were identified and preserved through efforts of former generations. As responsible citizens apprehensively ponder the wisest course for education to follow, theirs is a moral obligation to avoid complacency in the popular delusion that the sole requisite for pedagogical progress is ever-increasing public expenditures lavished on elaborate facilities and intensified curriculum.

For many years psychologists and educators have recognized the processes by which thought and behavioral patterns acquired in youth become the basis for adult motivation. In modern times all thoughtful observers have become progressively aware that moral, social, and political concepts implanted in the formative years of mental immaturity not only participate in the conduct of later life, but, once acquired, such con-

Mr. Newell operates a farm near Marcellus, Michigan, the "harvest" in this case being food for thought.

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cepts become dominant and often unalterable in the adult. Thus, captive audiences of immature minds provide powerful and much prized forums for ideological indoctrination. Educational environments left unguarded can easily be captured by authoritarianism and in due course transformed into climates of unquestioning social and political opinion.

Individual Responsibility, or Totalitarian Control

Freedom presupposes individual responsibility and, rather than depending upon concentrations of invested political authority, derives social continuity from the constant political evaluations of enlightened individuals. If education is allowed to divert human intellect into stagnant pools of ideological conformity, and thereby methodically arrest individual capacity for political contribution, the resulting social complex provides a fertile field in which totalitarianists can sow and harvest propaganda at will and exercise unchallenged control over the collectivized mind. Humanity can never socially advance where education teaches mass conformity and what to think, rather than developing individual intellect to full potential by teaching how to think. Political freedom demands that individuality be sufficiently developed to successfully resist all attempts at mass motivation.

If, rather than taking the proper educational aim of creating wellsprings of human thought, our generation articulately selects and presents educational data that seem to support the distortions of political dogma, the future will hold little promise. When despots enjoy unquestioning support of carefully nurtured climates of opinion, the collectivized citizen's only hope for an improved situation is that the current despot's successor might chance to be somewhat more benevolent than his predecessor. There is no possibility that mankind, under such conditions, can ever become fully aware of true human potential while living together in tolerant harmony. Until men in society regard each new individual as a personality with a vital intellectual potential to be developed, education can do little to advance civilization and social harmony.

Those who place their present faith and future hope in the dead leveling mediocrity of political legalism to conduct humanity to brighter times, ignore a fundamental psychological truth. Legal attempts to correct or alter human conduct resulting from improper education must all end in failure, even when such attempts are unrelenting and are accompanied by

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intensive indoctrination programs. It is impossible to superimpose an effective code of ethics on an entire society and, through compulsion, expect social adherence to arbitrary legal standards of conduct. Political law, irrespective of ingenuity and tenacity of enforcement, provides nothing more corrective or permanently beneficial in the adult than temporary control of faulty behavior traceable to education's failure to create virtue and conceptions of individual responsibility in the child.

If humanity invested but a fraction of the effort so willingly lavished on legal, political, and military antidotes, to analyze and correct educational faults at their source, mankind would make a firm advance toward domestic tranquillity and international peace. Proper education alone can teach men to live responsibly through reason, and to behave by choice in the orderly manner that legalists clumsily attempt to establish coercively through punitive reprisals.

A Chance to Reason

The real enemy of social advancement and political freedom is collectivistic indoctrination that destroys mental self-sufficiency. New generations must be given mental freedom to follow reason wherever it presents itself; to build constructively upon social truths that can withstand the constant scrutiny of progress; and, rather than constantly constructing illusionary sanctuaries of collective security, confidently to place trust in individual responsibility. Education can then increase self-knowledge and cement conceptions of responsibility toward contemporary and future generations.

Education being the prime source of human motivation, and faulty education the taproot of faulty human conduct and authoritarianism, it follows that educational environments must become the immediate concern of all responsible people. If freedom is to displace authoritarianism and raise humanity to progressively higher spiritual and social plateaus, the educational procedures that develop individual thought must be identified and cultivated.

Historically, education has run the gamut from private tutelage to the completely controlled curricular environments of government-financed political indoctrination institutions. In our society, too, education has undergone continuous change. The desirability of transferring educational authority from private to governmental jurisdiction is a matter of personal opinion in a constitutional society. But regardless of divergent opinion on specific educational policy,

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proper education is still the only dependable safeguard of political freedom; and the grave dangers involved in governmental usurpation and centralization of educational authority should greatly concern all thoughtful citizens.

Sound Public Policy Requires Well-Informed Citizens

The basic advantage of constitutional government is the inherent political ability of a free and informed citizenry to bring about desired changes in public policy. Such changes are constant and necessary, but the key element in purposeful social change is the well-informed citizen. Constant change without full understanding of future consequences, while always dangerous, is politically disastrous in the case of educational policy. Indifference in this vital area can, by default, turn human intellect and the hope of freedom over to the tyranny of collectivistic thought control.

Rather than continually seeking financial aid for education from political sources that would gladly render such assistance in order to further control and collectivize public instruction, the informed citizen must act to arrest and reverse this relentless drive. It is the responsibility of each citizen in a constitutional society to ponder the plight of creative thought and related freedoms; and, having arrived at constructive conclusions, do his utmost to ensure that freedom through education shall survive and flourish. ◈

IDEAS ON LIBERTY

Extra

"HUMAN NATURE," he began, "is so constructed that the vast majority of men can proceed only so far against obstacles. The limit of average endurance is a known quantity in every human activity. Success is achieved by those who beat this limit by extremely small margins.

"What most of us cannot perceive is that an additional ounce of energy at the final breaking point will distinguish us from thousands or millions of ordinary human beings.

"This is the reason why sports are so important. In athletics young men learn that victory is usually achieved by an amazingly slight advantage – by a yard in a mile race. We must understand that life is competitive. Those who go in for sports become sensible of this. Those who live within the walls of study rooms are denied this knowledge."

From *The William Feather Magazine*, February 1966

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"THE STATE SWELLED AND THE PEOPLE SHRANK"

WILLIAM HENRY CHAMBERLIN

THE GREAT Russian historian, V. O. Klyuchevsky, is a master of the epigram, of the telling phrase that says much in few words. The seventeenth century in Russia was a period of consolidation of government power and extension of the country's frontiers, at a cost to the people which, as Klyuchevsky says, could scarcely be counted. The chains of serfdom were riveted more firmly on the peasants. Taxation increased to such unbearable heights that some nominally free Russians wanted to accept serfdom as a more bearable lot, where the master at least would have to settle the tax claims. The people were actually enjoined from doing this by the penalty of being whipped with the dreaded knout. After remarking that freedom which had to be maintained with the threat of the knout could not have been worth much, Klyuchevsky pronounced this eloquent judgment on that phase of Russian history:

"The state swelled and the people shrank."

It may seem a far cry from affluent, technically-advanced, twentieth-century America to the poor, barbarous, half-Asiatic Muscovite state of three centuries ago. But statism is a disease that recognizes no boundaries of time and space. The United States, conceived in liberty, as Abraham Lincoln said – and provided by its Founding Fathers with a splendid set of constitutional checks and balances against arbitrary government power – is moving visibly and with alarming speed down the collectivist path at the end of which the government is everything, the individual nothing. We

Mr. Chamberlin is a skilled observer and reporter of economic and political conditions at home and abroad. In addition to writing a number of books, he has lectured widely and is a contributor to *The Wall Street Journal* and numerous magazines.

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are approaching that condition which the brilliant and prophetic French political thinker and philosopher, Alexis de Tocqueville, foresaw so clearly more than a century ago:

> Above this race of men stands an immense and tutelary power, which takes upon itself alone to secure their gratifications and to watch over their fate. That power is absolute, minute, regular, provident, and mild. It would be like the authority of a parent if its object were to prepare men for manhood; but it seeks, on the contrary, to keep them in perpetual childhood. It is well content that the people should rejoice, provided they think of nothing but rejoicing. For their happiness such a government willingly labors, but it chooses to be the sole agent and the only arbiter of that happiness. It provides for their security, foresees and supplies their necessities, facilitates their pleasures, directs their industry, regulates the descent of property, and subdivides their inheritances. *What remains but to spare them all the care of thinking and all the trouble of living?*
>
> The will of man is not shattered, but softened, bent and guided; men are seldom forced by it to act, but they are constantly restrained from acting. Such a power does not destroy, but it prevents existence. It does not tyrannize, but it compresses, enervates, extinguishes, and stupifies a people, *until each nation is reduced to be nothing better than a flock of timid and industrious animals of which the government is the shepherd.*
>
> I have always thought that servitude of the regular, quiet, and gentle kind which I have just described might be combined more easily than is sometimes believed with some of the outward forms of freedom; and that it might even establish itself under the wing of the sovereignty of the people. (Italics supplied.)

Managed Mediocrity

It is toward this type of society that almost the entire world has been moving, at a slower pace after World War I, at an accelerated pace after World War II. In the United States, in the memory of living men and women, there has been a tremendous shift, very much speeded up in the last years, from the traditional American conception of a society in which every member is responsible for looking after his own needs – expecting no help from the government and not forced to give help outside his own family obligations, except as conscience, human sympathy, and compassion may prompt him – to the kind of society which Tocqueville foresaw, with the government as the shepherd and the citizens as a "timid and industrious flock."

Perhaps the greatest shift has been from the idea that what a man earned was his own, to be spent or saved at his pleasure and

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discretion. Now the individual no longer works for himself, but for an increasing horde of tax collectors – Federal, state, municipal, and whatnot – imposing an enormous variety of direct and indirect levies. The explanation of this change is easy. Gone is the time when the individual, in return for keeping practically all he earned, was expected to pay his own rent and his own doctor's bills and to make reasonable provision for his years of retirement. Here is just a partial and limited list of the obligations which the solvent taxpayer is now required to meet:

- Safeguarding the freedom of remote peoples who may or may not have much conception of what freedom is.
- Making good the deficits which regularly appear in the balance of payments figures of former colonial countries which have gone in for planning and socialism.
- Paying a share of the rent and medical bills which, in unsophisticated earlier times, were supposed to be settled by the people who incurred them.
- Supporting in idleness large numbers of persons who, in the unregenerate "bad old days," would have been expected to work for a living, even at hard and low-paid jobs.
- Paying all sorts of expenses of states and municipalities, large and small, necessary and unnecessary, which are subsidized from Federal funds.

"Charge it to Uncle Sam" has become the favored easy way of obtaining acceptance for every scheme of real or supposed social benefit that costs money. Which might be fine if Uncle Sam were an inexhaustible source of self-generating wealth. But this is not the case. Governments by themselves create no wealth whatever. What they pay out must be taken from those on whom they levy taxes.

Here is an example of the kind of charge on Federal revenues (which means on your income taxes, and mine and the next man's) that would have been, until recently, quite unthinkable. A group in the Boston suburb of Brookline thought it would be desirable to bus school children from the predominantly Negro area of Roxbury and distribute them among Brookline schools. How much popular support this idea attracts is not clear. But the sponsors anticipated no trouble about money. Uncle Sam would pay.

Negative Thinking

There was a time, not much more than a generation ago, when it was considered a social disgrace to depend on state funds for a

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livelihood. Today, "collecting security" has become one of the major unlisted industries. And there is a concerted movement under way to carry the process of pillaging the industrious and thrifty for the benefit of the thriftless and shiftless – which began with the imposition of the graduated personal income tax – a long stride forward by introducing a so-called NIT, negative income tax.

This would assure every family a minimum income, tentatively put at $3,000 a year, whether it was worked for and earned or not. The cost of such an arrangement could easily run as high as $11 billion. In one way or another, by higher taxation or inflation, this would come out of the pockets and savings of the productively employed. As one advocate of this system remarks:

> The NIT would eliminate the degrading kind of means test to which applicants for public assistance are subjected in most localities. Instead of being an applicant (often almost reduced to a beggar) the individual would be a *claimant by right*, as in the Social Security System. . . . With only the same kind of spot-checking that is now done within the income-tax framework, the establishment of eligibility would be handled simply and with the same degree of dignity accorded to the taxpayer at present.

Some of the consequences of the negative income tax, should it be enacted into law, are almost breath-taking. Some 34 million people would become permanent state pensioners, to be maintained at the cost of the solvent taxpayers. The incentive to work at less skilled and lower paying jobs has already been gravely weakened by the present system of social security and relief payments. Under NIT, this incentive would disappear altogether. A permanent lobby would be created for raising the income level at which people would be eligible for NIT to $4,000, to $5,000 – the sky would be the limit. Individual responsibility, a conspicuous casualty of fashionable modern social and economic theories, would sustain what might well be a final fatal blow.

So, Why Work?

At both ends of the economic scale the question, "Why Work?" would be asked more often and insistently. The beneficiaries of this gigantic pension system – granted without regard for real need, disability, or consideration of willingness to work – would see little reason to take an unskilled job paying $3,000 a year or a little more if they could sit instead watching television, with occasional trips to the nearest bar,

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financed out of the regular government checks.

At the same time, the more ambitious and affluent – the principal sufferers under the graduated income taxes imposed by the Federal government and many states – would see little incentive to work harder if what they earned would be largely siphoned off for such purposes as putting up some of the deserving poor at the Astor Hotel (a recent news item about this practice appeared in New York papers) or paid out under the provisions of NIT.

A more effective disincentive to the hard work that is the key element in national prosperity and well-being could hardly be imagined. Yet NIT has enlisted the support, not only of some academic theorists, but of the President's Committee on Automation, which includes among its members some prominent industrialists. It sometimes seems as if public opinion in America – the country of all others which offers a practical example of what can be achieved under a system of individual free enterprise – has become quite bemused with the idea that, if and as the state becomes bigger and bigger and spends more and more, such social problems as health, education, unemployment, and poverty will be eliminated.

Opportunities Abound

A book that appeared recently, *David Sarnoff: A Biography,* by Eugene Lyons (Harper and Row, $6.95) gives an excellent picture of how these problems could be and often were met long before the collectivist society was dreamed of. Coming to America as a ten-year-old immigrant with a poor family from an isolated Jewish village in western Russia, young Sarnoff was as underprivileged as they come. No big-brother government extended him a helping hand. The illness and incapacitation of his father made the family largely dependent on David's earnings as a newsboy. No one paid the Sarnoffs a negative income tax or gave them state aid of any kind.

But young David took to New York and its larger outlook and opportunities like a duck to water. He studied hard in school, and without asking whether the school was "integrated" or not. He read voraciously out of school as well as in school and took advantage of the lectures and courses at the Educational Alliance, an East Side settlement house. As a final Horatio Alger touch, he began at the bottom of the ladder as an office boy in the Marconi Company, parent of the huge Radio Corporation of America, of which David Sarnoff has long been president

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and which does business at the rate of billions of dollars a year.

Sarnoff came to America in immigrant steerage quarters; his return crossing of the Atlantic was in luxury quarters on a famous liner as a member of the American delegation to the conference on German reparations in Paris in 1928. In both world wars his knowledge of electronics was of conspicuous service to his country and he came out of the Second with the rank of General, after having put the French radio business on its feet after the expulsion of the Germans in 1944.

Such a career as Sarnoff's is, of course, exceptional. But the number of individuals who have risen from very humble backgrounds to the highest achievement in politics, business, science, and scholarship is unlimited. Most notable and famous of all is Sarnoff's boyhood hero, Abraham Lincoln, whose rise from frontier rail splitter to the highest office in the land during a period of supreme national crisis was achieved without benefit of either Federal aid to education or an antipoverty operation.

Inflationary Government Spending

The United States seems to be succumbing to one of the oldest, most persistent, and most harmful of human delusions: that government may spend without regard for the rules of prudent finance and emerge from the experiment unscathed. Already, inflationary danger signals are flying in many sectors of the economy. Yet the country is being committed both to a war of uncertain duration and cost in Vietnam and to huge social welfare spending which, if past experience is any guide, will grow steadily from year to year. In the name of overcoming poverty through a vast proliferation of bureaucratic agencies the grave risk is being incurred of impoverishing everyone through an accelerated depreciation in the purchasing power of the dollar.

The price tag is usually ignored in euphoric forecasts of growth and glowing estimates of what the government will do for almost everyone. Indeed, the biggest rate of growth is in nondefense government spending, up 60 per cent between 1961 and 1966, a far higher rate of increase than industrial output registered for the same period.

Education for What?

United States education in the past was at most a state or local, if not altogether a personal and private, responsibility. Federal expenditure in this field in 1945 was $291 million. But now the bars are down. This item of Federal

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spending was $6.3 billion in 1965 and will pass $8.7 billion in 1966.

Apart from the pressure on the stability of the currency and the drain on the pockets of the taxpayers, this orgy of spending has the markedly undesirable effect of enabling Federal bureaucrats to dictate to local school boards how they must arrange the racial composition of their community schools, on pain of having Federal grants withheld. State educational bureaucrats, of course, can be just as tyrannical as Federal. Mount Vernon, Malverne, and other New York suburban communities have been split into hostile camps and generally disrupted by arbitrary orders from the state Commissioner of Education in Albany that the neighborhood school concept on which American education has always been based be sacrificed to objectives that are not only unreasonable but, probably, in the long run, impracticable: "correcting racial imbalance" and eliminating "de facto segregation." This kind of forced integration is just as obnoxious, just as much of a blow to liberty, as the forced segregation which is now, happily, on the wane. This tendency to use Federal grants as a club against local communities is another proof of the danger of vesting too much power in central authority.

The Great Fiction of Paying Each Other's Bills

America, which grew great and prosperous on the principle of keeping government off the backs of its citizens, of leaving every individual free to go as far as his character and ability would warrant, now gives the impression of contracting what might be called Bastiat's disease. Frederic Bastiat was a brilliant French economist of the early nineteenth century whose definition of the welfare state could scarcely be improved on:

"That great fiction, by means of which everyone hopes to live at the expense of everyone else."

How else can one understand the apparently serious proposal in the report of the President's Council of Economic Advisers that the Federal government "rebuild the cities"? As if this formula would relieve the taxpayers of the various cities of the necessity of paying the bill for this operation!

Two conspicuous factors in the decay and decline of such mighty political institutions as the Roman and Byzantine Empires were excessive multiplication of bureaucratic offices and overtaxation, carried to such extremes that the people were indifferent when the barbarians in the West and the Mohammedans in the East broke through the frontiers. If the

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United States is to avoid a similar danger, there must be a swift, decisive change of emphasis, from the government to the individual, from state help to self-help, from the society of the Big Brother state (which takes from some pockets everything it professes to put into others) to the historic American society of independent, self-reliant individuals.

One career like David Sarnoff's is worth a dozen antipoverty programs. ◈

IDEAS ON LIBERTY

The Greatest Threat

IN A SENSE, inflation is a moral as well as an economic issue. Inflation gets its impetus from human selfishness and greed. Deficit spending is in reality the transfer to future generations of the tax load for present-day spending. The depth of our national moral decay is portrayed by two common excuses, "If we don't spend it, someone else will" and "Why worry about the national debt, we owe it to ourselves." Is it any wonder that the Job Corps spends 10 to 15 times as much per student as the average public school; that the War on Poverty is degenerating into a gigantic boondoggle; that 8 to 10 million people find welfare a more attractive way to live than working; that the airlines to Washington are jammed with local businessmen and civic leaders pleading for federal dams, swimming pools, and airports? Materialism holds sway in America today.

The greatest threat to the future of our nation – to our freedom – is not foreign military aggression or internal communistic subversion but the growing dependence of the people on a paternalistic government. A nation is no stronger than its people and the best measure of their strength is how they accept responsibility. There will never be a great society unless the materialism of the welfare state is replaced by individual initiative and responsibility.

CHARLES B. SHUMAN, President's address to the American Farm Bureau Federation, December 13, 1965

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OBSERVATIONS ON THE RUSSIAN REFORM MOVEMENT

LUDWIG VON MISES

THE BOSSES of the Russian Communist Administration are disturbed by the fact that economic conditions in the countries which have not adopted the methods of the Communist International are by far more satisfactory than those in their own country. If they could succeed in keeping their "comrades" in complete ignorance of the achievements of Western capitalism, they would not mind the low efficiency of their own plants and farms. But as some scanty information about the "affluence" in the West penetrates to Russia, its masters are upset by the fear of a procapitalist reaction in their own house. This fear impels them on the one hand to foment sedition all over the "capitalist sector" of the earth, and on the other hand to ventilate projects aiming at some minor reforms in their own methods of management.

Nobody is today more firmly convinced of the incomparable superiority of the capitalistic methods of production than the "production tsars" of the countries behind the Iron Curtain. The present-day strength of communism is entirely due to the mentality of the pseudo-intellectuals in the Western nations who still enjoy the products of free enterprise.

Capitalism a Social System of Consumers' Supremacy

The market economy—capitalism – is a social system of consumers' supremacy. There is in its frame only one method of earning a liv-

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ing and of acquiring property, namely, one must try to serve one's fellow men, the consumers, in the best possible way. A daily and hourly repeated plebiscite determines again and again every individual's earnings and place in society. By their buying and abstention from buying the consumers allocate ownership of all the material factors of production to those who have succeeded in satisfying the most urgent of their not yet satisfied wants in the best possible and cheapest way. Ownership of the material factors of production can be acquired and can be preserved only by serving the consumers better than other people do. It is a revocable public mandate as it were.

The supremacy of the consumers is no less complete with regard to labor, the human factor of production. Wage rates are determined by the price the consumer, in buying the product, is prepared to refund to the employer for the worker's contribution to the process of its production. Thus the consumers' valuation fixes the height of every worker's remuneration.[1] And let us not forget: the immense majority of the consumers are themselves earners of salaries and wages and, in this capacity, instrumental in the determination of their own compensation.

The unique efficiency of the capitalistic system is due to the incentive it gives to everybody to exert his forces to the utmost in serving his fellow citizens. Not a vague altruism, but rightly understood selfishness impels a man to put forth all his strength in the service of his fellow men. The system of economic calculation in terms of money, the commonly used medium of exchange, makes it possible to compute precisely all projects in advance and the result of every action performed in retrospect; and, what is no less important, to ascribe to every factor the size of its contribution to the outcome.

Planning for People Control

The characteristic feature of socialism is precisely the fact that it substitutes for this market system of consumers' supremacy a dictatorial system, the "plan." In the planned economy the individuals are not driven by the desire to improve their own conditions but either by dutifulness or by the fear of punishment. It is impossible for the individual workers to improve their own material situation by working better and harder. If they intensify their

[1] This is to what the jargon of the Hollywood industry refers in using the term "box office account." But it is no less valid for all other fields of business.

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own exertion, they alone are burdened by the implied sacrifices, but only an infinitesimal fraction of the product of their additional exertion will benefit themselves. On the other hand, they can enjoy in full the pleasures of carelessness and laziness in the performance of the tasks assigned to them while the resulting impairment of the total national product curtails their own share only infinitesimally.

The economists always have pointed to this inherent deficiency of socialism. Today all people in the socialist countries know that this criticism was fully justified. All their projects for an improvement of the quality and an increase in the quantity of economic goods and services turn around this problem. They all aim — unfortunately, in vain — at discovering a scheme that could make the individual members of a socialist system self-interested in the effect of their own contribution to the collective's effort.

That the socialists acknowledge this fact and are anxious to find a solution amounts in itself to a spectacular refutation of two of the most zealously advanced arguments in favor of socialism. On the one hand, the socialists asserted that in the market economy the wage earners are not interested in improving the output of their own work. They expected that socialism would bring about an unprecedented improvement of the individual worker's contributions because everybody will be incited by the knowledge that he does not labor for an exploiter but works for his own best interest. On the other hand, the socialists vilified profit-seeking as the most pernicious and "socially" injurious institution and indulged in reveries about the blessings of what they called a substitution of "production for use" for "production for profit."

No less significant an admission of the viciousness of the socialist ideology is provided by the system of allowing small plots of land to be exploited for the account of the individual rural workers — falsely labeled for "private profit." This capitalistic loophole alone prevented famines in the country that includes a good deal of the world's most fertile arable soil. The urgency of the Soviet productivity problem is due to the fact that in the processing industries no analogous expedient is at hand.

No Fundamental Change

The much discussed reform projects of Professor Liberman and other Russian authors do not refer to the essential characteristics of the Soviet system of central plan-

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ning of all activities commonly called economic. Neither do they deal in any way with the problem of economic calculation. (For present-day Russian planners this problem does not yet have primary importance; as long as they are operating within a world of the price system, they are in a position to rely upon the prices determined on the markets of the West.)

What the reformers want to attain is improvement in the conduct of factories and workshops turning out consumers' goods by the adoption of new methods for the remuneration of directors, supervisors, or foremen. The salaries of such people should henceforth be meted out in such a way that they should have a pecuniary interest in producing articles that are considered as satisfactory by the consumers.

It is a serious blunder to employ, in dealing with this issue, any reference to the concept of "profit" or to declare that the suggested method of payment would mean something like "profit-sharing." There is within a socialist system no room for the establishment and computation of a magnitude that could be called profit or loss.

The task of production is to utilize the available human and material factors of production for the best possible satisfaction of future wants, concerning which there cannot be any *certain* knowledge today.

The Entrepreneurial Function

Technology indicates for what purposes the various factors of production could be employed; it thus shows goals that could be attained provided this is considered as desirable. To choose from this bewildering multitude of possible ways of production those which most likely are fit to satisfy the most urgent of the future wants of the consumers is in the market economy the specific task of the entrepreneur. If all entrepreneurs were right in their appreciation of the future state of the market, the prices of the various complementary factors of production would already have attained the height corresponding to this future state. As, under these conditions, no entrepreneurs would have acquired some or all of the complementary factors of production at prices lower or higher than those which later events proved to be the correct ones, no profits or losses could emerge.

One profits by having expended less than one – later – receives from the buyers of the product, and one loses if one can sell only at prices that do not cover the costs expended in production.

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What determines profit or loss is choosing the goal to be set for the entrepreneurial activities and choosing the methods for its attainment.

Thus, it is investment that results either in profit or in loss. In a socialist system, since only "society" invests, only society can profit or suffer losses. But in a socialist system the material factors of production are *res extra commercium*. That means: they can neither be bought nor sold and thus no prices for them are determined. Therefore, it is impossible to find out whether a definite production activity resulted in profit or loss.

The Process of Selection

The eminence of capitalism consists precisely in the fact that it tends to put the direction of production into the hands of those entrepreneurs who have best succeeded in providing for the demands of the consumers. In the planned economy such a built-in process of selection is lacking. There, it does not matter whether the planning authorities have erred or not. The consumers have to take what the authorities offer them. Errors committed by the planning authority do not become known because there is no method to discover them.

In the market economy the emergence of profit demonstrates that in the eyes of the consumers one entrepreneur served them better than others did. Profit and loss are thus the effect of comparing and gauging different suppliers' performance. In the socialist system there is nothing available to make possible a comparison of the commodities fabricated and the services rendered by the "plan" and its executors with something originating from another side. The behavior of the people for whom the plan and its executors are supposed to provide does not indicate whether a better method of providing for their needs would have been feasible. If, in dealing with socialism, one speaks of profits, one merely creates confusion. There are no profits outside the "profit and loss system."

If the authorities promise to the director of a shoe factory a bonus to be determined as a percentage of sales, they do not give him a share in "profits." Still less can this be called a return to the profit system. Profits can only be calculated if one deducts total costs from total receipts. Any such operation is unfeasible under the conditions of the case. The whole factory, fully equipped, was handed over by the authorities to the care of the director and with it all the material needed plus the order to produce, with the help of

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workers assigned to the outfit, a definite quantity of footwear for delivery to definite shops. There is no method available to find out the costs incurred by all the operations preceding the first interference of the director. The bonus granted to him cannot have any relation to the numerical difference between such total costs and the proceeds from the sale of the final product.

A Significant Difference

In fact, the problem of reform as passionately discussed in the communist countries today does not deal with the profitability of the various plants and productive processes. It turns virtually around a different problem: Is it possible within a socialist system to remunerate a worker, and especially the supreme foreman of a plant, according to the value the consumers, the people, attach to his contribution to the accomplishment of the product or the service?

In the capitalistic or market economy the employer is bound to pay a hired worker the price the consumers are prepared to refund to him in buying the product. If he were to pay more, he would suffer losses, would forfeit his funds, and would be eliminated from the ranks of the entrepreneurs. If he tried to pay less, the competition of other employers would make it impossible for him to find helpers. Under socialism no such connection between the amounts expended in the production of a commodity and its appreciation by the consumers prevails. There cannot therefore, *in general,* be any question of remunerating workers according to their "productivity" as appreciated by the consumers. Only in exceptional cases is it possible to separate the contribution of one worker in such a way from those of all other contributors that its separate valuation by the consumers and therefore its remuneration according to this valuation become feasible. For instance: all seats in the opera house can be sold at the regular price of m. But if a tenor of world fame sings the main part, the house is sold out even if the price of admission is raised to $m + n$. It is obvious that such cases are extremely rare and must not be referred to in dealing with the problem of wage rate determination under socialism.

Of course, a socialist management can determine for many kinds of work "normal" tasks to be performed by the laborer and, on the one hand, reward those who accomplish more and, on the other hand, penalize those who fail to produce their quotas. But such a norm in no way depends on any market phenomena. It is the out-

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come of a more or less arbitrary decision of the authorities.

In the market economy the salaries paid to people who turn out commodities or render services that cannot be sold on the market, and for which therefore no prices are available, are indirectly determined by the structure of the market. The employer – in such cases, as a rule, the government – must pay to such people enough to prevent them from preferring a job in the orbit of the market. Such indirect determination of the height of wage rates also is unfeasible in a socialist system.

Of course, the government is always free to grant to any of the officials it employs a salary equal to the value the supreme chief or planner attaches to this man's services. But this does not have any reference to the social problem around which the discussion turns. ◈

IDEAS ON LIBERTY

Subsidies Work

Once upon a time, long, long ago, a small Chinese village was plagued by an alarming growth in the number of its rats, who ate the crops and nibbled at the children's toes while they slept, and generally made life increasingly miserable. The elders of the village came together in council, and in their desperation and in their wisdom, they decided on strong measures to cut down the rat population – they would pay a bounty of so many yen per head for each dead rat brought in to the village pound. At first, this measure, though costly, seemed very successful and there was a gratifying decline in the rat population; after several months, however, the Dispenser of the Public Funds noticed that there was a striking increase in his disbursements for dead rats and he quietly started an investigation of where they were coming from. To his horror and to the dismay of the Council, he discovered that some of the more enterprising citizens had taken to raising rats, and had found it most profitable.

LOUIS STONE, from the March 1966 *Monthly Investment Letter* of Hayden, Stone, Inc.

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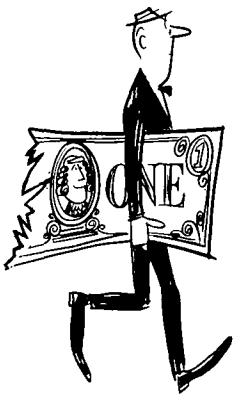

INSURANCE PROBLEMS

PAUL L. POIROT

"YOUR MONEY, or your life!"

The tax collector seldom phrases his request exactly that way; and, though crime is increasing, not many Americans have been invited to consider the proposition at gun point. Even fewer of us, I suspect, ever have volunteered much serious thought to the relationship between life and property.

Fortunately for us, however, we seem to tend by instinct to accumulate private property in various forms and to defend our property as though our lives depended on it. Perhaps they do; in which case, it would seem wise tc give the matter some further thought. And what better point of focus than the business of life insurance itself and the closely related field of old-age retirement insurance, sometimes referred to as social security! How does one go about insuring his life?

There is a traditional procedure. It involves saving—consuming less than one's earnings – for a time, so that a certain level of consumption may be maintained later when earnings might have declined or ceased entirely. If several persons agree to cooperate in such a program, the individual risks of dying sooner or later than normal may be shared or pooled.

The concept or idea of property is likely to be dormant or poorly developed among grasshopper-like creatures that consume everything just as fast as they appropriate or produce it. But the moment an individual thinks of saving something, that something and the saving reflect some purpose in his life – become a part of his life, so to speak. And at this point, he is in a position to think of the connection between his life and his property. Thus it is that purpose, saving, life, and property become

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intimately related in the mind of the individual and blend into a single concept. A man's purpose, then, is what gives him an insurable interest in his life. And property might be said to be the economic essence of insurance. That certainly is the basis upon which the life insurance industry has functioned, traditionally: saving and investing in productive enterprises likely to yield goods and services for later consumption and the fulfillment of one's purpose in life.

Now, compare that traditional concept and method of life insurance with the "social security" idea – the compulsory taxation of those who have a purpose in life for the benefit of those who lack such purpose. It hardly seems necessary to observe that the mere will to live is not much of a purpose; to live for what? Nor can a person's poverty or great need be logically classed as a purpose. Such a negative attainment is not a sufficient reason for one's wanting to live or to insure his life. And how can a person who has no use or purpose for his own life be of any possible use or service to anyone else? This is the hopeless contradiction and inconsistency of the whole idea of compulsory Social Security. The program compels human beings to work and sacrifice for nothing worthwhile – so it is entirely fitting and proper to refer to it as a something-for-nothing arrangement.

Destructive Nature of Compulsion

The compulsory processes of government are well adapted for the conversion of something into nothing. Nor should it surprise anyone that the compulsory Social Security program involves neither saving nor investment in productive property, which we have seen to be essential features of any realistic form of life insurance. Lives without purpose can see no need for property of their own nor any reason to respect or defend anyone else's private property. So, it is entirely logical – once the first false premise of the "social security" ideas has been embraced – to base the functioning of the program, as it is based, upon the expropriation of the property of those who have earned and saved according to their respective purposes. This process of destroying the property and defeating the life purposes of those who have either is the very antithesis of *life insurance*. It is antisocial in the extreme, for it discourages the thrift and saving upon which increasing productivity depends.

Without savings and production, an individual can neither attend to his own economic security

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nor practice charity toward anyone less fortunate than himself. Perhaps "social security" of a sort may be found within a den of thieves; but stealing one another to death ought not to be confused with life insurance.

A Tragedy of Errors

One of the great tragedies of our time is the extent to which compulsory Social Security is confused with life insurance. Top executives of private life insurance companies may be found testifying to the "actuarial soundness" of the compulsory Old Age, Survivors, and Disability *Insurance* program. Insurance salesmen advise prospective clients to build their private insurance programs upon the "solid foundation" of their Social Security benefits. Nor does the typical willing customer for traditional insurance appear to see any inconsistency between such a saving and investment program and the Social Security procedure of plundering property. Even college professors, including teachers of economics, have been known to volunteer themselves subject to the Social Security tax that destroys property and purpose and thus provokes additional appeals for handouts. The individual, who voluntarily subordinates his own life's purpose to the pleasantries of collective living without purpose, fully deserves what he'll get from that kind of "social security."

The great mystery of our century must be why anyone who believes in compulsory Social Security would simultaneously try to save and invest in a private pension or retirement annuity or life insurance program. The success of the one type of program is contingent upon the discrediting and destruction of the other. To the extent that Social Security and related subsidy programs succeed in confiscating private property – either openly and directly, or by the hidden processes of continuing inflation and erosion of savings – then private insurance programs and other claims payable in fixed numbers of dollars must tend to become worthless.

By the same token, if the salesmen of private life insurance and other pension and retirement annuity and savings programs hope to continue to find willing customers for their wares, it behooves them to labor effectively now and forever to halt the processes of confiscation and death inherent in Social Security and similar diseases of compulsory collectivism. Otherwise, buying insurance will be just as bad a risk as paying Social Security taxes. ◈

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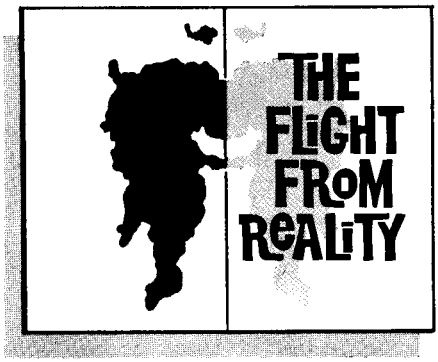

20. Meliorist Economics

CLARENCE B. CARSON

THE FLIGHT from economics prepared the way for government intervention in what would otherwise be economic matters. It involved, primarily, claims that an abundance of goods and services existed, either actually or potentially. If this were so, it would be possible for government to intervene and redistribute these, for force can be used to confiscate and dispose of property. But such claims would not provide justification for action. Even the existence of abundance does not indicate that redistribution is in order. However, along with the flight from economics has gone the development of a pseudo-economics, an "economics" which purports to show that free economic activity leads to contradictions, that to remove these contradictions government action is necessary, and that certain kinds of actions can be taken which will have the desired effect. Such pseudo-economic theories are here called meliorist economics.

It should be noted, however, that the phrase, "meliorist economics," is used for historical reasons and consistency, not because of its descriptive accuracy or aptness. Throughout this work, meliorism refers to the view that government intervention can improve conditions for people. Meliorist economics is an "economics" which purports to justify government intervention in an economy and show how it can be done so as to improve the material well-

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being of people generally. This latter usage of the term – to modify economics – is not commonly employed, if it has ever been used in this way before. It is, however, consistent with the practice in this work of referring to reformism in general as meliorism.

. . . But It Wasn't Economics

The term, "meliorism," was adopted by some reformers within the context of controversies of the latter part of the nineteenth century. Most of the influential economists and social thinkers of the nineteenth century had held that government intervention would produce evils rather than cure them. Karl Marx, along with revolutionary socialists in general, held roughly the same position, though for different reasons. In addition to these views about an ameliorative use of government, social Darwinists held that men could not alter the course of evolutionary development, and that government intervention would fail in any attempt to tamper with evolution. Meliorism, running counter to all these views, insisted that government could be used to improve conditions.

In this context it is quite correct to refer to proponents of government intervention as meliorists. In like manner, it is proper to refer to theories in an economic vein along these lines as meliorist economics. It should be made clear, however, that in essence such economics is *not* ameliorative, nor is it in essence economics. Instead, it consists of theoretical and ideological justifications for using the power of government to take from some and give to others. Understood rightly, it consists of more or less subtle attempts to legalize theft.

A little basic economics should make this clear. Economics has to do with increasing the supply of goods or services with the smallest expenditure of materials and energy. For an individual – and economic action is, in the final analysis, the action of an individual or a group of individuals – economics is of importance to him to the extent that he wishes to conserve his supply of materials and energy and increase his supply of goods and services.

There are two ways for an individual to augment the goods and services at his disposal. (1) He can produce or provide them for himself. (2) He can acquire them from others. Again, there are two ways for an individual to acquire them from others. (a) He can acquire them by exchange (which would include gifts, though what is exchanged may be different in character from what is obtained). Or (b), he can take them from

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someone else who possesses them. This latter method is the one that is the chief concern of meliorist economists.

Theft and Enslavement Inherent in Compulsory Exchange

Everyone understands that when one individual uses force or fraud to take goods from another, theft is involved. When an individual uses force to make another serve him, it is called slavery. But it is not generally understood or accepted that when meliorist economics is applied in society, theft and slavery are entailed.

In the main, this lack of understanding can be attributed to the indirectness, the subtlety, and the sophistry of the methods of meliorist economics. Men are led to believe that public approval somehow changes the character of an action, that confiscation of goods by publicly elected officials is not theft, that the democratic process can be used to legitimize acts which are in themselves illegitimate. Men do not readily understand that the protective tariff is, in effect, the taking of wealth from the consumer for the supposed benefit of the producer, that antitrust suits are subtle assaults upon property, that inflation is a surreptitious theft of money from those who have it or have it owed to them, that compulsory unionization legalizes the taking of money from some by others, that minimum wages and maximum hours are attempts to take from some what is rightfully theirs and give it to others, that to take wealth from some portion of the population and bestow it upon some other portion under the guise of welfare is not even a very subtle form of thievery.

The story thus far, in this work, has been an attempt mainly to explain how men's minds were prepared to accept such things without recognizing them. Men have been taught to take their eyes away from the nature of things and to focus upon the purported object or end for which an act has been performed. They have been taught that it is the motive that counts, not the consequences of the act. They have been taught that morals – and even the language used to describe them – are relative to a given society. If this were so, only that which the generality of men understood to be theft would be theft; only that which was recognized as slavery would be slavery. If the majority voted for a measure, or for those who proposed a measure, this would be indicative of its conformity to morality. After all, one may argue from such premises, whatever the majority accepts as right is *ipso facto* right.

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Robbery Is Antisocial; One Man's Gain is Another's Loss

Morality aside, and speaking strictly in terms of what may be *economical for an individual,* robbery could be quite economical. By stealing, an individual can greatly augment the supply of goods and services available to him with only a very little expenditure of energy and materials. A bank robber may spend half an hour using a twenty-dollar gun and enrich himself, say, to the extent of $20,000. Of course, such usage is an abuse and perversion of the conventional term "economy." Economics, as it comes to us from the classicists, is a social study, not an antisocial one. It has to do with what may be economical not only for an individual but for all other men as well. The bank robber increases his supply of goods and services at the expense of those of other men. Moreover, he may actually reduce the general supply by the threat he poses to trade and the loss of incentive men have to produce when they are uncertain that they will be able to keep the rewards of their labor. For these reasons, theft has not been considered economical. Of course, in most societies such penalties have usually been attached to the practice as to make it uneconomical.

The point is important, however, for understanding what happens when meliorist economics is applied within a society. Individuals do not cease, so far as their understanding goes and as a rule, to behave economically in their own affairs. Indeed, a new prospect for "economic" behavior is opened up, for certain kinds of theft are legalized. Men may benefit at the expense of others with impunity in certain definite areas. That such behavior is uneconomic socially, plus being immoral, will not hinder a great many men in their conduct, for what they are doing may well be socially approved.

An example from the contemporary scene of behavior that is "economic" for the individual at the expense of others may clarify the point. Suppose one is a cotton farmer. The price of cotton is held higher than it would otherwise be by a subsidy. The subsidy is paid by tax monies, at least temporarily. There is a "surplus"—that is, more than can be sold at this artificially high price – of cotton. The farmer will likely make his decision as to whether to grow cotton or not in terms of its profitability when the subsidy is added to the market price. It would be economic for him to do so, although socially the effect would be to add only to the "surplus" and the general tax burden. His profit

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would be got at the expense of others.

Vying for the Spoils

The system which results from the application of meliorist economics is one in which men are pitted against men and groups against groups for the spoils made available by redistribution. There has been a concerted effort in the United States to move this contest into the political arena and to get men to accept peacefully the decisions made there. The art of politics becomes the art of guessing rightly about which group to appease at what moment in order to keep the uneasy peace and maintain political power. The portion of spoils to be handed out to any given group must be continually adjusted to take into account both the temper of the group involved and its leverage in maintaining a majority for the politician and party in power. The story of such maneuvering is largely the story of politics in America in the twentieth century.

Meliorist economics is the body of pseudo-economic theory which purports to justify such a system and provides the politician with the methods for establishing and maintaining it. The true nature of these activities is largely concealed behind a cover of words which not only obscures what is going on but reduces discussion of economic matters to high-flown gibberish. The gibberish is then ascribed to the intricate complexities of our times. The general flight from reality prepared the way for the wide acceptance of such obfuscations, and socialists added confusion to nineteenth century economic thought by turning the traditional economic concepts to their ends.

All Schemes Rest on Monopoly

A casual examination of meliorist economics might lead to the conclusion that there are a great diversity of economic conceptions involved. Indeed, names have been given to a number of schools of economics: e. g., socialist, historical, revisionist, Marxist, institutionalist, Keynesian, and so forth. But most, or all, of these schools have a common denominator; they have a common conception from which they start or with which they end. Of course, they share the conception that the "system" – i. e., capitalism – has internal contradictions which lead to dire consequences. But back of this is a key conception which purportedly accounts for these contradictions. The key conception is *monopoly*. In the later part of the nineteenth and in the early twentieth century, reformers saw monopoly under every bed, as it were.

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There were transportation monopolies, industrial monopolies, land monopolies, money monopolies, and trade monopolies. The formulation of these conceptions ranged from Karl Marx's view that the private ownership of the means of production led inevitably to a class monopoly of production to John Maynard Keynes' subtle notion that profit taking and saving led to shortages of investment money which, in turn, produced depression. However remote these ideas may appear to be from it, they are rooted in a conception of monopoly, and amelioration is to be achieved by breaking up the monopoly.

An Exclusive Privilege

Monopoly is a very slippery word; therefore, it must be handled with care. It is derived from the Greek, and means, etymologically, the exclusive right of sale. However, it had a much narrower connotation than this in earlier conventional English usage. An article in the *Encyclopaedia Britannica* says, "The term monopoly, in its early usage, was applied to grants from the Crown, to a favourite or as a reward for good service, of the exclusive right to manufacture or sell particular classes of goods." One *American College Dictionary* indicates that this has now become its secondary meaning. In this sense, a monopoly is "an exclusive privilege to carry on a traffic or service, granted by a sovereign, state, etc." An unabridged dictionary calls this an artificial monopoly, which it defines as "an exclusive right granted by a government for the exploitation of anything."

Odium was first attached to this kind of monopoly. But even this development has a history. Initially, in the sixteenth and seventeenth centuries, odium was assigned mainly to the arbitrary grant of monopolies by the monarch. There was an attempt to remove this by taking the power of granting monopolies away from the Crown and vesting it in Parliament. Americans and Englishmen generally accepted the propriety of legislatures granting monopolies in the seventeenth and for much of the eighteenth century. However, by the time of the War for Independence there was considerable resistance to all such monopolies. The resistance continued to mount in America, and by the middle of the nineteenth century, monopolies were among the most generally despised of all human inventions.

A Perverted Terminology

It was at this juncture that socialists began to becloud the issue with their confusions. They ex-

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propriated the odium attached to government-granted monopolies and applied it to monopoly in general, in the etymological sense of the word. It is easy to see how the term could be ambiguously used to bring all sorts of things under condemnation. By the original definition of monopoly – the exclusive right of sale – all private property is a monopoly of its owner. In this sense, every man who owns anything, whether it be a factory, a house, a barn, land, an automobile, or a pocket knife, is a monopolist. Every free man is a monopolist, for he has the exclusive right to sell his service. Indeed, it is this right, and this monopolistic condition, which separates free men from slaves.

Socialists have been bent, of course, upon breaking up monopolies, or, more clearly, abolishing private property. But they were notoriously unsuccessful in selling this idea to the generality of men in their early attempts. Most men were not particularly taken with the notion of giving up their private property; and when they had the opportunity to vote upon the matter, they turned down such schemes unceremoniously. Socialists generally found it advantageous to narrow down their assaults upon property to certain kinds, to use "monopoly" in a more specialized sense, and thus to divide the populace on the question of property. At any rate, gradualists have not usually attacked property directly; they have, instead, attacked what they have called monopoly.

The Power to Fix Prices

A new definition of monopoly was promulgated in the latter part of the nineteenth century. It has since become a part of our language and serves as a lens through which most people see the matter. The *Encyclopaedia Britannica* says, "In its modern usage the term monopoly is applied to the advantage accruing to any undertaking or associated group of undertakings which has the power, however acquired, of fixing the price of its goods or services in the knowledge that those who need them cannot get them in adequate measure elsewhere." One dictionary gives the following as the first meaning of monopoly: "exclusive control of a commodity or service in a particular market, or a control that makes possible the manipulation of prices."

By these definitions, the existence of a monopoly appears to hinge on two things: that there be but one effective seller of a commodity or service in a given market, and that this will enable him to fix or manipulate the price. (For purposes of discussion, the

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vagueness of such phrases as "commodity or service," "particular market," and "manipulation of prices" in this context may be ignored.) If such a condition were to exist, it probably could be recognized. If it be considered reprehensible, if it be a matter for legal action, the most fruitful approach for dealing with it would be to seek out its sources.

Two Types of Monopoly: Governmental or Private

There are, in reality, only two sources of such monopolies: government grant or establishment, and private ownership. Other sources are sometimes named, but upon careful examination it can be shown that they do not meet the above requirements or do not exist. Some writers refer to an efficiency monopoly. This is a case where there is only one supplier of a good or service, so that it meets one half of the requirements for a monopoly. But it is a condition of its continued existence that it does not manipulate prices to any significant degree. If it raises prices appreciably, other suppliers can enter the market successfully.

The other type of monopoly frequently referred to is a natural monopoly. The phrase itself is ambiguous. One dictionary defines a natural monopoly as "a monopoly arising from the possession of a part of the earth's surface, having a natural resource or resources." But this is indistinct from a definition of private property in land. More commonly, a natural monopoly is understood to be one in which by the nature of things there can be only one supplier of a good or service in a particular market. It is often alleged that the provision of telephone service in a particular locale is a natural monopoly. In the first place, however, "service" is ambiguous in this usage. Is the service the providing of a telephone or of communication? If it is communication, telephone service has no monopoly. One may communicate by mail, by telegraph, by radio, or go in person. But even if the uniqueness of the telephone as a means of communication be taken to signify that it constitutes a separate service, its actual monopoly status is not natural. It rests upon two foundations: government franchise and private property. These are the twin sources of all monopoly.

It is not clear, however, that private property meets all the requirements to be classed as monopoly by the contemporary usage of the word. Etymologically, private property is a monopoly, for it is the essence of private property that the owner has the exclusive right to sell it. But in modern

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usage private property is not a monopoly. No man, or group of men, *owns* all of a commodity or service which can be sold in a particular area. No man or group of men does or can own all the means of communication, of transportation, of serving in a community unless all men are his slaves, and that could only exist by the exercise of government power. By the very nature of things, no man can own all of a particular commodity and manipulate prices at the same time. Price is something that can only be determined after the sale of articles. Once an article has been sold, the original seller no longer has a monopoly. It is true that a man might have a monopoly of the sale of a commodity in that no one else would be permitted to sell it, but that would be a matter of law and government prescription.

It follows, then, that the modern usage of monopoly only *appears* to differ from earlier usage. The reprehensible characteristics of monopoly – that is, the exclusive control of a commodity or service which enables one to fix or manipulate prices – apply only to something that has been granted, established, or prescribed by government. Anyone who doubts this should examine carefully into the sources of the ability of any seller of goods or services to fix their price. He should trace out the lines that lead from the seller to the government and find what it is that enables the seller to fix his price. The government action may be very subtle, as in the case of a protective tariff, or it may be very plain, as in the case of minimum wages or rate regulation. But it is always there.

An Assault upon Property

Nonetheless, meliorist economists have quite often referred to what can happen when men use private property to produce goods and from which to provide services as monopoly. Usually, only that seller who has garnered a substantial portion of the market is referred to as a monopolist, or as being "monopolistic." To break up such "monopolies," the meliorist proposes that they be divested of some portion of their property, that the rights of property be circumscribed, and/or that the government regulate the use of the property. Thus, the attack upon monopoly becomes an assault upon property, though not all property immediately comes under the gun.

The amazing feature of this is that such action usually produces the substantive evil it is supposed to prevent. The evil of monopoly is the possibility it affords for fixing and manipulating prices so

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as to "charge what the traffic will bear." The regulation of "monopolies" eventuates in the fixing and manipulating of prices *by government*. For example, in the latter part of the nineteenth century, railroads were pictured as giant monopolies gorging themselves on a defenseless public. In order to regulate them effectively, politicians were finally convinced that they must establish rates. The government then began to fix and manipulate prices, that is, to impose the conditions of monopoly upon both sellers and buyers. As to whether these rates were as high as the traffic would bear, the indications are that they have frequently been more than much of railroad traffic would bear, for they have lost much of it. In recent years, railroad managers have fought an uphill battle to get at least some of their rates lowered.

Governments cannot intervene to prevent monopoly; when they intervene, they create monopoly, or the effects of it. It is the failure to understand, accept, or admit this that constitutes, in considerable part, the flight from reality of meliorist economists.

The Face of Socialism

Viewed as a school of socialism, and that is what it is, meliorism can be defined in yet another way. It is the view that the instruments of government which have been inherited in the political system can be turned to the purpose of wresting economic power from the hands of those who possess it (the monopolists) and placing it in the hands of the "people." Meliorism is the face that gradualist or evolutionary socialism has worn in America, though it has usually been called liberalism in the twentieth century.

Its opposite in the socialist camp is Marxian (or revolutionary, or communist) socialism. Marx appears to have believed at the time of the promulgation of the *Communist Manifesto* (1848) that the regular instruments of government, in the right hands, could be used to bring about socialism gradually. But after the abortive Revolutions of 1848 he turned toward the view that the system must be destroyed first, that government was an instrument of capitalists, that they would never tolerate its use to undermine their system of exploitation (as he described it).

On the other hand, meliorists have held that violent revolution is unnecessary, that the desired course of change will occur peacefully, gradually, and in an evolutionary manner. Most have held that this process of change can be consciously directed; but they have generally insisted, too, that for it

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to work it must be in keeping with evolutionary trends. Meliorist economics has been concerned with how to use the instruments of government to bring the economy into line with the course of evolution and/or produce the desired changes.

Some Leading Characters

There is a huge body of literature that could be classified as meliorist economics. Undoubtedly, it would take a fair sized building to house the volumes that could be assembled to make a library of it. Even a list of the names of the more influential of such writers upon American thought is rather formidable in length. It would include Francis Amasa Walker, Simon N. Patten, Henry George, John R. Commons, E. R. A. Seligman, Richard T. Ely, Thorstein Veblen, John Maurice Clark, Paul H. Douglas, John Maynard Keynes, Stuart Chase, Adolph A. Berle, Gardiner C. Means, Wesley C. Mitchell, Rexford G. Tugwell, Sumner H. Slichter, John K. Galbraith, Paul A. Samuelson, and Seymour E. Harris, among others.

These and other such writers have not always called what they were writing about monopoly. Some have, and some have not. They have called by a great variety of names the ill that is supposed to beset America: they have called it overproduction, underconsumption, absentee ownership, technological unemployment, finance capitalism, oligopoly, maldistribution, economic royalism, underinvestment, imperfect competition, industrial wastemaking, unearned increment, social surplus, industrial depression, recession, the end of the frontier, a mature economy, corporate domination, and economic disequilibrium. But when the tangle of rhetoric has been unwoven, when the tree of meliorism has been surveyed as a whole, when the branches have been traced back to the trunk, when the trunk has been followed to the root, it becomes clear that meliorist economics is rooted in the conception of monopoly.

The Land Monopoly

This can be examined from several angles. It can be shown by examining the thought of meliorist economics. The classic case of a thinker proceeding from the concept of monopoly to a meliorist position is that of Henry George, and he was also one of the first to have any considerable impact.

George's thought proceeded along the following lines. In the first place, he believed that industrial progress was resulting in increasing poverty. The cause of this, he held, was that individuals were deriving profits which should

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accrue to society. These profits came as a result of the private ownership of land. Land, he reasoned, does not naturally belong to any of us; it was something that was here primevally, and here for all men to use. But some have acquired exclusive possession of it, by whatever means, and employ it to their advantage at the expense of the well-being of all. They take away from society the return from the employment of land, and they keep lands out of use for speculative purposes, thus depriving men of the right to put the lands to economic use. (One of his underlying premises is that lands are not being economically exploited.)

He proposed that the problem could be solved by government intervention, that the government be financed by a single tax, that the tax should take all that accrues to a man from the land itself, as opposed to that which is a product of the labor of the landholder. Not only that, but the tax should fall on unused lands as well. He thought that this would result in the opening up of these lands to economic use and the amelioration of the material conditions of men generally. In short, George's diagnosis of the cause of the ill was land monopoly, his prescription was government intervention by way of the single tax, his prognosis was a general improvement in the well-being of the populace.

If we ignore the difficulty of calculating what part of a man's return can be attributed to his labor and what to his land, a difficulty somewhat akin to the one faced by Jonathan Swift's scientist who was attempting to extract sunbeams from cucumbers, and assume that the differential could be calculated, it still does not follow that economic results would be obtained. With the imposition of the single tax, all advantage to holding title to land would disappear. Not only that, but it would be disadvantageous to hold title to unused land. It stands to reason that if the owner of unused lands could have employed them to his profit before the imposition of the tax he would have done so. The tax would detract from, not add to, his incentives to use the lands productively. The chances are good that the lands would soon be offered at public auction to satisfy the tax claims against them. But that there would be buyers is most unlikely. The risks of holding title to land, even that which at the moment would be productive, would be considerable, and the advantage none. In consequence, all land might be expected to come eventually into the hands of the government. That governments can or will employ

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lands economically is something of which past experience offers no assurance. The method of meliorist economics is epitomized in the thought of Henry George: the location of the flaw in the system, the proposal of government intervention, the promise of amelioration, the assault upon property, the eventuation, if put into practice, of a giant overweening monopoly.

Veblen's Influence through the Institutionalist School

Henry George showed the way. Many reformers read and were influenced by him. In general, though, they abandoned the specifics of his analysis and prescription while keeping the abstract of the method. Thorstein Veblen was much more influential in specifics. In the main, his was an adaptation of the Marxian analysis into an evolutionary framework; he no longer perceived any necessity for violent revolution. He was the early leading exponent of the institutionalist school, which has been the most virulent branch of meliorism in America. To Veblen, economic activity takes place within, can be understood in terms of, is a reflection of, and is driven by institutional arrangements. Institutions are a product of a long, and largely unconscious, evolutionary growth. They are undergoing continual change, and the task of men is to adjust their practice to the course of historical development. Veblen was the precocious product of that view of reality as consisting of change, society, and psyche, a contemporary of Lester Frank Ward and John Dewey, and an applier of their shared notions to economics.

For a good many years, mainly in the first quarter of the twentieth century, Veblen turned all the acid contained in the English language, both received and invented, to the task of satirizing the economic system. The system was a fit subject for satire, if Veblen's analysis was correct. It was shot through with anachronisms. The major anachronism was the profit of capitalists. These got the profits of production and distribution but no longer contributed to it. The business of production and distribution had been engrossed by corporations, almost exclusively. These, in turn, were managed by specialists who were technologists.

The day had arrived when the capitalists could have been dispensed with and the businesses run for the many rather than for the few, but capitalists continued to receive their ill-gotten gains as a result of the outmoded institutions which prevailed. To put it bluntly, the institutions of private property enabled capitalists to

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hang on to their "pecuniary gains" which resulted from government protection of what amounted to a monopolistic position. Actually, the corporation was not private property at all; it was a public creation, which, if men were consistent, would be used for the benefit of the public. This would happen, Veblen thought, when the technologists took over entirely and the stockholders were cut away. Veblen did not claim to know how this would come about; all that he could say for sure was that the course of economic evolution had just about reached the point where it would most certainly occur.

Disciples and followers of Veblen were not slow to find means to advance the public takeover. Meliorist economics then branches out into the particular analyses of the assorted ills that are supposed to arise from an economy based upon private profit – of the exploitation of workers, of sweatshops, of depression, of declining farm prices, of inevitable increases in farm tenancy, of wastefulness of natural resources, and so on – and the numerous proposals for amelioration: the establishment of minimum wages, maximum hours, stock market regulation, corporate tax, organized labor, and so forth. In short, means are advanced for taking away from owners of property the control of it and a large portion of the profits from it.

Cycles and Counter-Cycles

One other such analysis may be given as an example. Wesley C. Mitchell was mainly influenced by Veblen. He turned his attention to business cycles, and wrote extensively about them from 1913 into the 1930's. He held that business cycles, at least modern ones, were a phenomenon of an economy based upon profit. He analyzed the business cycle and described its various phases, starting at the depth of depression. What spurred the economy, he thought, was growth in population, depletion of products, and increasing demand, plus new investment. Investment led to profits, and the possibility of profits led to optimism and increasing investment. Prosperity could not be maintained indefinitely, however, because other things did not keep pace with investment and because technological innovation produced disequilibrium. Wages did not rise as fast as production; technology produced unemployment both directly and indirectly because some producers would be stuck with old equipment. Profits would fall off; overproduction might result; distributors would have large inventories; demand would decline; investment would decrease; depres-

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sion would come again. In the main, he proposed that government should intervene in such ways as manipulating the money supply so as to maintain prosperity.

While this analysis does not appear to hinge upon monopoly, a more careful statement of the theory which would support it would indicate that profits are a corollary of private property and that the basic flaw in the system is the uncoordinated management of the economy that results from the dispersion of property. He proposed (or predicted) increasing governmental planning to maintain an equilibrium. In short, he advocated the circumscription and regulation of private property so as to maintain prosperity.

The Pattern of Legislation Aimed to Curb Monopoly

Legislation over the years spawned by meliorist economics may demonstrate even more clearly that it was aimed at breaking up monopolies. The Interstate Commerce Act was designed to prevent the supposedly harmful effects of railroad monopoly of transportation. The various antitrust acts were attempts to circumscribe monopolistic activities. The Federal Reserve System was supposed to break up the Wall Street money monopoly. Minimum wages were supposed to circumvent the harmful effects of the monopoly of employment activities which employers are supposed to have. Federal provision of electrical power was supposed to provide a yardstick for determining what proper competitive prices of electricity should be. Government supported loans at low interest rates are supposed to remove the harmful effects of private banking. So it has gone, from activity to activity and from industry to industry.

This supposed assault upon monopoly, though it was justified under many guises, has been, in fact, an assault upon private property. It has taken away, or severely circumscribed, the rights that belong to private ownership of property. It has brought more and more activities under the surveillance and direction of government. It has introduced the harmful effects of monopoly into all areas of life. Government agencies now fix and manipulate prices of all sorts of things, from wages to rail rates. Theft has been legalized, for the rights of property have been taken without compensation, and monopoly pervades American society. ◈

The next article in this series will discuss "The Bent to Destruction."

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2 PHILOSOPHIES OF FREEDOM

KENNETH W. SOLLITT

THERE ARE in America today two diametrically opposite philosophies of freedom.

The first is the philosophy that brought our forefathers to America. They sought freedom to worship as they pleased, to speak and write as they pleased, to work where they pleased at whatever work they found pleasant and profitable, and freedom to enjoy the rewards of their labors. They wanted the right of self-government and social and economic self-determination. They asked for only such security as they could create for themselves and each other through the free exchange of goods and services augmented by such charities as were necessary. And storms at sea, severe winters, poor crops, hostile Indians, impenetrable forests, vast prairies, unspanned rivers, or burning deserts could not quench their thirst for this kind of freedom. Because of it, our forefathers hacked and blasted, molded and sculptured this country into the great nation that it is.

Ours is a philosophy of freedom that says a man ought to be free to do as he pleases up to the point where what he pleases to do interferes with his neighbor's equal right. At that point he must halt or alter his course. If he pleases to do this of his own free will, he remains a free man. If he doesn't, he has his freedom taken away from him by forces he himself has created to govern his society.

This, very briefly, is our historic American philosophy of freedom. It is based on the Judeo-Christian belief in the sacredness of human personality, the conviction that freedom of choice was bestowed upon man at the beginning by God, and that no man has

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the right to rob another man of his integrity as an individual, or his God-given right of free choice, unless and until he becomes a menace to society.

Freedom from Choice

However, for some thirty-five years now another entirely different philosophy of freedom has been evolving – the philosophy that freedom is no longer *for* something, like "life, liberty, and the pursuit of happiness," but freedom *from* almost everything, like "want, worry, and war," and work, too, if possible.

Richard LaPiere in his book, *The Freudian Ethic,* credits Sigmund Freud with having much to do with the development of this philosophy, and shows, rather convincingly I think, how out of it has grown our tendency toward permissiveness in home and school, the coddling of criminals, and political maternalism in all its forms. This doctrine of "social irresponsibility and personal despair," as he calls it, has, he believes, led us to cease to want freedom as we have always known it, and to seek instead freedom from responsibility and involvement. And there is much evidence that he is right.

Perhaps this new philosophy of freedom is best expressed by one of the characters in Ayn Rand's novel, *The Fountainhead.* In this book a character says, "The basic trouble with the modern world is the intellectual fallacy that freedom and compulsion are opposites. . . In essence, freedom and compulsion are one." To illustrate this her character points out how traffic lights restrict our freedom to drive as we please, but at the same time they protect us from being hit by a truck. So, he reasons, "if you were assigned a job and prohibited from leaving it, it would restrain the freedom of your career. But it would give you freedom from the fear of unemployment." And he goes on to say that "whenever a new compulsion is imposed upon us, we automatically gain a new freedom."

So, he concludes that "only by accepting total compulsion can we achieve total freedom."

Most of us would agree with Ayn Rand herself that this is not freedom in any realistic sense. But more and more people every day are consciously or unconsciously absorbing this philosophy. Sometimes even patriotic Americans returning from military service, after getting their first taste of having to make decisions for themselves in the business world, actually prefer freedom *from* decision-making to freedom *for* decision-making.

In any case, we are fast losing

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our identity as individuals. We have grown to feel that the individual is no longer important and that to achieve anything we must join and run with the pack – that is, the labor union, or the industrial association, the freedom march, or the campus demonstration. As a consequence, our opportunities for responsible choice-making are being reduced almost daily. Practically every law passed makes us more dependent upon government. And since the government is dependent upon us as wage-earners, our jobs become prayer-rugs on which we prostrate ourselves with our faces toward Washington praying to those who have preyed upon us to take care of us who are now irresponsible wards of a welfare state.

And are not promises more pleasant than responsibilities, and dreaming a pleasanter pastime than decision-making? Send someone else into our fields. Bring us our tranquilizers and let us relax until the next hour of prayer. At last we are free! Free of responsibility for ourselves (which breeds laziness), free of consideration for others (which breeds lawlessness). We are free! Free of freedom itself!

Security May Betray Us

Forgive me for overdrawing the picture. Things aren't this bad . . . yet. But are we not moving in this direction? And isn't the trend due in large measure to a reversal of our historic philosophy of freedom? We have ceased to want "freedom *for*" so much as we have wanted "freedom *from*," so we have sacrificed the former to those who have promised us the latter. In reality we have not wanted freedom at all, but security.

We have ceased to see freedom as freedom "*from* control" and have thought of it as freedom "*by* control," and usually we have thought of it as the control of somebody else for our benefit. We knew that if we did this with bullets in a gun, it would be wrong but imagined that if it were done with ballots in an election, it would somehow be all right. So we asked, or at least allowed, our politicians to rob our children by indebtedness and our old folks by inflation on the promise that our children and old folks (and ourselves) would be protected from (in fact prevented from) taking care of themselves. Thus, we become more and more dependent upon government and in the process have built up a government that is almost omnipotent – a government which, by destroying man's initiative while at the same time increasing his appetite for handouts, is in for an increasingly

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difficult time. It can never take from us enough to give us back all we think we ought to have. Draining off savings and drying up the wells of initiative is the exact opposite of capital formation on which productivity rests and on which relief from poverty depends. There is nothing formative, productive, or creative about robbing Peter to pay Paul.

But cheer up! We are on the road to "total freedom" which the character in Rand's novel assures us is to be found in accepting "total compulsion."

Rising to the Challenge

One thing bothers me though. Since human beings are no longer willing or able to make decisions for themselves, aren't we someday apt to run out of little gods capable of making all the decisions for everybody?

And another thing bothers me, too. When everybody is living off the government and nobody is supporting it, what kind of a living will it be?

What has brought about this reversal in our philosophy? Probably not the argument from the analogy of the traffic light. This might influence some pseudo-intellectual, but most Americans with intelligence enough to understand such sophistries see through them. Perhaps we can blame some of our predicament on Sigmund Freud. The free dissemination of communist propaganda by all kinds of pinks and punks in high and low places may be responsible, as is often charged.

But I think the real reason goes deeper.

For the most part, we humans do not exert ourselves beyond the demands of necessity. The necessity to fight for freedom seemed to disappear when we appeared to have what we had fought for – a home on the range, a good living, a republican form of government, isolation from the problems of Europe and Asia, churches, schools, libraries, baseball diamonds, hot dogs, and service clubs.

But then came the great depression. And our jobs, our homes, our fortunes were no longer secure. And there were no new frontiers farther west. Our frustration was complete. Whatever was to be done would have to be done by and for the whole country at once. This required organization, lines of communication and powers only government could provide – and that only after the people granted government those powers.

Roosevelt declared in 1938: "*Government has the definite duty to use all its powers and resources to meet new social problems with new social controls.*" In our desperation we accepted this as a na-

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tion and have been elaborating on it ever since.

For the first time we had a government organized to "give to him that asketh," and we have found it easier to go on asking than to return to doing for ourselves. In this we were doubtless aided and abetted by Freud and characters like the one in Rand's novel, by communists, socialists, and the like, but the thing that has thrown our philosophy into reverse has not, in my opinion, been any one thing, or any one person, but a combination of many persons and things.

Principal among these things, however, was our feeling of helplessness when caught in a nationwide economic disaster, followed by an experience of being helped at points by a benevolent government which got us "hooked" on political pablum. Politicians have found it profitable to take from those who have and give to those who have not. And the recipients have found it easy to vote for more of the same, until our whole philosophy of freedom has been reversed.

Second in importance is the fact that up until now it has worked pretty well. We have never had such affluence; hence, such apathy. We like to imagine this can go on forever. We haven't realized yet that to make a government strong enough to give us everything we want, we must make it strong enough to take from us everything we have, including freedom as we have always known it; and there are thousands who have never known the former kind of freedom and have no appetite for it. Thousands are willing to give up this old-fashioned freedom which they cannot comprehend for the new freedom from responsibility which they find so comforting.

Soon an irresponsible people may find it difficult to find among their numbers responsible leaders. Demagogues there will be aplenty. But an irresponsible society can hardly be expected to spawn responsible leadership.

Well, what can we do about it?

By Precept and Example

The last thing we want to do is to say there is nothing we can do; this is to join the irresponsibles.

So the first thing we ought to do is to resolve to be, insofar as possible, a part of the cure instead of a part of the disease, a part of the solution instead of a part of the problem. How can we become part of the solution? We can at least study our concepts of freedom from different points of view: social, economic, political, psychological, ethical, and so on. And we can still listen to those who are trying to sell America to Ameri-

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cans and join them in the sales promotion, for we have something unique here we have not yet entirely lost.

We can help people, including our children, to re-examine such things as the present popular myth of equality, pointing out that men are not equal merely because they are born by the same biological process. They should be equal before the law because we respect the sacredness of personality. They should have equality of opportunity. But beyond that, whether they are equal or not depends on what they do with their opportunities.

We need to help shift the emphasis from equality to justice and to help people see that justice is utterly disregarded when the relationship between effort and reward is obliterated, or reversed, as when under the banner of "equality" the man who works is robbed to pay the bills of another who won't. If he can't work, that is, of course, a different matter.

Let us help people re-examine the "from-each-as-he-is-able-to-each-as-he-has-need" approach to sociology and economics in the light of psychology and ethics, and the "greatest-good-to-the-greatest-number" theory in the light of what it does to people as well as what it does for them.

Let us help them get a new look at the theory that there are so-called "human" rights that are greater than "property" rights, and ask them what human rights are enhanced when property rights are interfered with? And what human rights are safe where property rights have ceased to be respected?

Let us help people re-examine the morality of buying votes with social programs, and the ethics of going through every revolving door on somebody else's push.

Above all, let us teach our children by both precept and example one maxim about freedom. It is this: that *no man is ever free to do that which – if everybody did it – would spoil society.* For it is the disregard of this maxim by self-seekers of every kind and description that is spoiling our society today. ◈

IDEAS ON LIBERTY

James Russell Lowell

Being forced to work, and forced to do your best, will breed in you tolerance, self-control, diligence, strength of will, content, and a hundred other virtues which the idle never know.

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". . . . . Am I my brother's keeper?"

A Note on a Commonly Misunderstood Text

HERBERT S. BIRD

THE BOOK OF GENESIS informs us that Cain, Adam's first-born son, overcome by a delirium of jealousy, murdered his brother Abel. The account continues: "Then the Lord said to Cain, 'Where is Abel your brother?' He said, 'I do not know; am I my brother's keeper?' "

The story, as it unfolds, indicates that Cain soon became aware of some of the immediate, personal consequences of his desperate act. And it is likely that, as the years passed, he began to realize that his treatment of Abel would influence, for the worse, the lives of many yet unborn. But it never occurred to him that one, almost minor, detail of the story of his crime and its punishment — his flippant alibi, "Am I my brother's keeper?" — was destined for a prominent place in the socio-theological moralizing of an age far removed from his own.

"Am I my brother's keeper?" The words, or some allusion to them, are high on the list of sayings most frequently employed from the pulpit or in the religious press. And, along with more than a few Biblical texts, they are applied in a sense they were never intended to have. Here the misunderstanding arises from the easy assumption that the only possible answer to this query is "Yes." To suppose any reply appropriate other than "Indeed, Cain, you are your brother's keeper" would be, to many, unthinkable. Hence, the expression is used to promote a wide variety of causes, many of them worthy, some of them, without question,

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legitimate objects of religious or charitable interest.

But a faulty exegesis never brings unmixed blessings. Thus, unfortunately, there is a use made of the words, "Am I my brother's keeper?" which is by no means innocuous. For many a speaker or writer employs them nowadays, not to promote causes which are the proper business of the church, but rather to enlist the Bible in support of any number of coercive welfare schemes dear to the heart of the political liberal. A recent example of this very thing appears in a leading religious periodical, in an article intended to demonstrate that an omnicompetent welfare state is not only agreeable to Christian theology but is required by it. The writer observes, "Justice means that all men shall be treated fairly and equally. In practice, justice means that the poor must be protected from the rich, the worker from the employer, the widow and orphan from those who would prey upon them, the minority from the majority."[1] (It may be of more than passing interest to note that this, for its one-sidedness, has nothing in common with the Biblical idea of justice. Moses' words are: "You shall do no injustice in judgment; you shall not be partial to the poor or defer to the great, but in righteousness you shall judge your neighbor." – Leviticus 19:15.) The same article then goes on to assert, "In the world in which we live today, we are all responsible for each other. More than ever, I am my brother's keeper. And to fulfill our corporate responsibility we need social legislation which will guarantee justice to all."

[1] Francis D. Breisch, Jr., "Why I Am a Political Liberal." *Eternity*, XVI, 10 (October, 1965), pp. 24 ff.

Murder Being the Most Uncharitable Act of All

Wherein lies the fallacy of such an application of Cain's question? Such a misuse fails to recognize what Abel's brother was really saying. This is not to seek to rehabilitate Cain's reputation: his attitude was indefensible, and because he knew that even as he spoke, his brother – through his fault – lay lifeless, his insolent disavowal of guardianship over him was sheer hypocrisy. But this consideration should not blind us to the real state of affairs when the question of the responsibility of one human being for another is before us. For clearly Cain was not asking whether he should show proper consideration for a fellow man, or whether he should refrain from doing violence to him. He was asking whether he was supposed to be his constant

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guardian: whether Abel was answerable to him for his actions, whether he was required to keep Cain informed as to his very whereabouts. This was the intent of his question, and the answer to it is "No." For the Bible does not say that Cain was, in fact, Abel's keeper. It suggests, rather, that his delinquency consisted in his repudiation of the demands of brotherly love.

It may seem that to press such a distinction is an instance of that hairsplitting in which theologians are alleged to delight. "Very well," someone will object, "admitting that there is a difference between being my brother's keeper and loving my brother, what does it matter? Whatever the semantics, the practical results are the same."

But they are not. For to be one's brother's keeper implies just what Cain insinuated that it does – to supervise, in greater or lesser measure, another's life; to take it upon oneself to determine what is good for someone else; to override his liberty, and even his personality, in the interests of a social theory. To be one's brother's keeper is to control him. But the Biblical idea of brotherly love is something else again. It is a love free of constraint. It is also a love which, far from being self-defining, is carefully delimited in the way in which it is to be expressed. And this has as little to do with the coercive welfare state as it has to do with the "love is everything" approach of the so-called new morality. For it is a love which works no ill to its neighbor, whatever that neighbor's position in life may be. Such a love may, indeed, be compelled to take to task the rich man who defrauds, but it cannot say to him, "In the interest of a just society, and in the name of the poor, whom I am protecting against you, I hereby confiscate such of your possessions as seem to me to be more than you need." Again, brotherly love will often require that the poor be helped in a material way. But it may also, at times, demand that some of the poor be told that if a man will not work, neither should he eat. The forcible redistribution of wealth, however, is not brotherly love (we do not speak of Orwellian "Big-brotherly" love). And to wish to be one's brother's keeper is as morally wrong as the liberty of the individual peaceably to order his own affairs is morally right. ◈

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The Principle of Political Polarity

DANIEL K. STEWART

THE TRUE NATURE of a given government might well be considered within the context of individual freedom. Human freedom is maximized only where there exist genuine choices between differing ideas. Human freedom, of course, applies to areas of human interest other than political affairs – to art, to economics, to science, and so forth. But it applies to politics, too, with government providing the physical conditions within which the exercise of a choice between different political ideas can be made. Such political freedom is thought to yield good government and human happiness.

But physical conditions with respect to political affairs do not just come about on their own account. They begin as *ideas* in the minds of men. And in those cases where "the citizens at large administer the state, as Aristotle remarks, the "government is called . . . . a constitution." But we note that constitutions are composed of laws, that such laws do not just miraculously appear, they are the consequences of ideas, and they indirectly prescribe the physical conditions permissible among the citizens of such a state.

Thus, while the laws of government aim to symbolize the good state and human happiness, it is quite apparent in the twentieth century that greater consideration must be given to what individual freedom means in general, and to what it implies for the true nature of given governments in particular. And this implication might fruitfully be pursued by considering the very opposite of individual freedom, namely, the negation of it – restriction.

In this manner, human freedom and restriction would stand as opposing end points on a continuum of ideas. They would be polar opposites. On the one end would be a *maximum of differing* ideas about a given subject, thereby providing a *maximum of choices* (freedom), while on the other end would be a minimum of differing

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ideas about that same subject, thereby providing *restricted choices*. And where this continuum of ideas is about politics, it is reflective of what I would like to call *the principle of political polarity*.

A Matter of Choice

The principle of political polarity deals with the extremes of maximum choices between political ideas and restricted choices. Restrictions are represented by the laws of a government and, ideally, they are to be enforced without prejudice. In this way, as determined by their laws, governments will vary from complete freedom (i.e., allowing maximum choice) of the citizen to complete subservience (i.e., no choice) of the citizen.

As an illustration of this point, it is educational to observe a resolution introduced in the Michigan Legislature on February 3, 1965. It proposed that a "Section 10" be added to Article 2 of the state constitution. Section 10 reads: "Any elector who fails to vote in any state or national election in which he is qualified to vote, unless ill or excused as provided by law, is guilty of a misdemeanor and punished according to law." Instead of any elector being free to vote or not to vote at any state or national election, this resolution would declare, under penalty of law, that an elector is not free not to vote. His range of choice would be restricted.

If a given government is actually determined by the sharing of ideas by the voting citizens of what government should be, then the principle of political polarity refers to the quality and quantity of ideas on the nature of government possessed by these citizens. Political restriction, in this case, would refer to the voter not possessing certain ideas. This fact would prevent him from considering certain ideas together, and, in consequence, prevent him from forming certain judgments otherwise possible. And to the extent that this situation prevails for other voters, such citizens will constitute a voting block exercising restricted political judgment.

The point is that a given voter's mind possesses a limited quantity of political ideas as compared to the totality, class, or universe of political ideas. But, if certain ideas are not there, they cannot possibly be considered in conjunction with other ideas which are. Presumably, all of us have had experiences wherein if we had only known additional facts, we would have made different judgments.

What this condition implies for political freedom is this: to be free, man must have a truthful ex-

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posure to opposing ideas. Where there exists a restriction (i.e., absence) of certain ideas, the possibility of forming certain ideational relationships is prevented, and, in consequence, certain judgments otherwise possible simply cannot occur. Freedom has been denied because the scope of man's reason has been restricted.

Maximizing the Alternatives

The principle of political polarity has immediate consequences, therefore, in understanding the nature of government and in providing a criterion by means of which given governments can be evaluated. It implies that the label any given government happens to wear from time to time in history is not necessarily a truthful description of its actual operation. Whether the government is called a "republic," or, to use Aristotle's analysis,[1] a "royalty," "aristocracy," "constitution," and their respective perversions, "tyranny," "oligarchy," "democracy" — these names bear no necessary relationship to the reality of existent political freedom. The test is whether the majority of laws are truly representative of the *ideas* of individual freedom. In their restrictive role, do the laws maximize the exercise of genuine choice without prejudice?

[1] Aristotle, *Politica*, 1279a-1279b.

Moreover, in any country where the citizens elect their government officials, the principle of political polarity implies the extreme importance of politically balanced mass communication media and educational institutions. And the far-reaching consequences of this implication cannot be overemphasized. Because it is primarily over such media and in the classrooms that the majority of present and future voters obtain such ideas as they do possess regarding political affairs. Political judgments can only be based on those ideas the citizens possess, and *it is these judgments which determine the type of government a country exhibits.*

It is for this very reason that totalitarians habitually strive to gain control of a nation's mass communication media and educational institutions. By controlling the kind and nature of ideas presented to present and future voters, they control their scope of judgment.

It is noteworthy, moreover, that the ideas which dominate the mass communication media are related to the ideals and beliefs (ideas) held by a society and taught within its public institutions of higher education. In the United States, the governing boards of state universities are occupied by men who are nominated by political parties,

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and voted on at state-wide elections. An imbalance in the mass communication media of a given state will oftentimes be reflected in the political philosophy (ideas) held by the individuals on these governing boards. This fact, in turn, determines their type of administration, their deans and department heads, and their faculty.

Balanced communication media, political freedom, and higher education are very much related to each other. With respect to political philosophy, each one of these can be evaluated in terms of the principle of political polarity: a maximum of political choice (freedom) vis à vis minimum of political choice (restriction).

In conclusion, political freedom is here understood as the existent choices between different ideas regarding the nature of government. All ideas of this kind can be thought of as belonging to a class of ideas about political affairs. When some of the ideas of this class are not possessed by the voters, then their political freedom is restricted because their political judgments—and the resultant government — are based only on those ideas which they do possess.

The Ideas Men Hold

Governments will vary, therefore, according to the variety of political ideas held by their peoples. Assuming that no one willingly chooses serfdom, where the ideas about the nature of government are generally widespread, the people will choose those ideas (and make those judgments) which will lead to the good state and corresponding happiness. Where the ideas about the nature of government are not generally known, the available choices are thereby restricted. This condition has been described in this paper as representing a kind of political polarity. Some countries reflect a high degree of political sophistication, some do not. Correspondingly, some reflect a high degree of civilizational order, and some do not. It depends on the kind of political ideas the majority of voters are acquainted with.

One such political idea is that government, if it serves without prejudice, can provide freedom and happiness to its people only indirectly by fulfilling its negative function. Its polar opposite is the idea that government can provide freedom and happiness directly. When the latter idea is widely disseminated in the mass communication media and educational institutions to the general absence of its polar opposite, the political consequence is a government which attempts to legislate human freedom and happiness. ◈

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"Education and the State"

E. G. WEST'S *Education and the State* (London, the Institute of Economic Affairs, 40 shillings) is typical of the new "freedom" literature that is coming out of England. The author is stuck with living in a rather advanced welfare state in which compulsion is the order of the day in all too many fields. To write abstractly about libertarian principles seems to Dr. West rather futile in the circumstances. He is preoccupied not with the possibility of establishing total freedom of the individual, but with providing at least relatively liberal alternatives within the framework of the compulsory state welfare which all the political parties, Labor, Conservative, and Liberal, seem to have accepted as the permanent human condition. Dr. West's aim is depressingly modest.

Before we in the United States look down our noses at Dr. West's cautious approach to the problem of freedom in education, however, we might consider that Americans accepted the principle of the "free" compulsory school way back in the nineteenth century, when Horace Mann was still alive. We tied it to the municipalities and states, but this did not mitigate the compulsion on the taxpaying adult to support the school system, and on the child to attend the school up to a certain age. The system was "free" only to the extent that the poor who paid no property taxes got the presumed benefits of the compulsory courses.

So, though the United States may still have a larger measure of general voluntarism than Britain, Dr. West's observations about the State's role in education are equally applicable on both sides of the Atlantic.

Reviewing a hundred and fifty years of history, Dr. West reminds us that the classical economists, who are usually associated with the laissez-faire principle, were almost unanimous in their agreement that the State must compel families to educate their children. The classical economists justified this departure from laissez faire on two grounds. First, they believed that it was a State duty to protect minors. Second, they were convinced

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that the "neighborhood effects" of illiteracy were damaging to a free political economy. They thought of illiterates becoming juvenile delinquents and criminals and imposing a huge social cost on society. They also thought an unlettered man made a poor prospective employee.

Dr. West, however, notes that most of the classical economists did not argue from their "protection principle" and their "neighborhood effects" analysis that it was the necessary duty of the State to set up its own schools in order to compel the education of the citizens. Shrewdly, he remarks that the British, long before the Forster Act of 1870 had established state board schools, were making an almost total voluntary approach to universal primary education. Private education was a great and growing industry. The problem was a minimal one of dealing with "problem families" at the bottom of the economic scale and with a few of the more irresponsible rich. If the State had made a selective approach to handling its duty to "protect" minors, it could have avoided plunging governments into the business of providing schools on "the rates."

W. E. Forster's idea in 1870 was to set up School Boards to fill the "gaps" in the private provision of schooling. But he went considerably beyond the idea of municipal subsidies to private and voluntary nonprofit schools, an idea which, in practice, was already filling the gap over most of England. Once State schools had been created, the tendency of the taxpayer was to send his children to them in order to escape double financial jeopardy. He was paying for the schools under compulsion anyway, so why shell out extra money to a church-supported or a private nondenominational school?

To meet the necessity of providing education for poor families who couldn't afford to pay the school "rates," Forster hit upon the idea of "free tickets" for those who were in extreme poverty. This leads Dr. West to his constructive idea for getting away from dependency on State schools in the welfarist England of 1966. "If free tickets could be given to poor families for board schools," he asks, "why not for *any* school?" (Dr. West's own italics.) The idea of the free ticket, or educational voucher, has been suggested in America by Dr. Milton Friedman. But it already existed in embryo in Forster's thinking as of 1870. Forster simply failed to draw the proper conclusion from his "free ticket" provision.

The voucher idea could indeed be used to provide free choice of educational mediums within the

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larger framework of legal compulsion to absorb a certain stipulated amount of schooling. Applied to America, it opens some interesting perspectives. Armed with an educational voucher representing his proportionate share of the public funds available for schooling, the parent would be freed from most of the problems that have recently been bedeviling professional educators. The parent who insisted that his child be exposed to religious instruction in school could present his voucher to a private academy that opens the day with prayers. And the Negro family, oppressed by "de facto" segregation in its own particular neighborhood public school, could take a voucher across town to an integrated private school. Under reviving free market conditions made possible by the voucher idea, the integrated private school would surely become one of the more heartening features of the landscape.

Educational vouchers could, as Dr. West suggests, be offered on an across-the-board basis, or on a selective "poor family" basis. The latter, under any new approach to freedom, of course would be preferable. If all this business about vouchers seems temporizing with the true principle of laissez faire, let us reflect that beggars, in the contemporary political climate, can hardly be choosers. It would be a distinct advance over the present system if, within the compulsory framework of Federal "aid to education," the individual choice of school and college were to be left absolutely free.

The voucher idea is, of course, applicable to other fields which the twentieth century State has unfortunately marked out for its own. Just before he died at the terribly young age of twenty-seven, Robert Schuchman suggested that social security money might be returned to the individual in the form of a voucher "cashable" at any insurance company that is in the business of writing annuity policies. Well, if we must have compulsory social security, why not provide a choice that would enable people to take advantage of insurance companies that know how to deploy their capital productively?

Dr. West says he is not "reverential" to the idea of the "organic State" or to theories of compelled "social harmony." In his *Education and the State* he is trying merely to make the best of the bad job of having to live in a Britain that has been subjected to ninety years of Fabian propagandizing. His book is the sort of thing we will be writing in America tomorrow. ◈

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IDEAS ON LIBERTY

THE SCARCITY OF SILVER

PAUL L. POIROT

TODAY'S so-called scarcity and rising price of silver might remind us that all this has happened before in America. For instance, the price of an ounce of silver at Boston rose from 7 paper shillings in 1700, to 20 in 1730, to 60 in 1749.[1]

One might conclude that silver had grown scarce in Boston during that period. But, scarce in terms of what? In terms of the paper money of the Colony of Massachusetts – which was anything but scarce! The amount of paper money outstanding in the colony rose from 28,000 colonial pounds in 1705, to 311,000 in 1730, to 2,135,000 in 1748. More than a million pounds in bills of credit were issued to cover "war costs" in the year 1745 alone.[2]

Silver must have been "scarce" again during the years of the Revolutionary War when the index of wholesale prices, based on figures in the Philadelphia area, rose as follows.[3]

1775 ...	100
1776 ...	133
1777 ...	423
1778 ...	769
1779 ...	3,806
1780 ...	13,518

The conclusion of merchants then was that government bonds are "not worth a continental" as money.

The deficit financing of the war in Vietnam, the war on poverty, and other Federal expenditures, resulting in a constant increase in the supply of paper money in the United States in our time, is bound to be reflected in a "scarcity" of silver and gold – and rising prices. The scarcity involved in such situations, however, is not an absolute shortage of the precious metals but a lack of public faith in the paper promises issued by governments. ◈

[1] A. H. Cole, *Wholesale Commodity Prices in the United States, 1700-1861*, (Cambridge: Harvard University Press, 1938), p. 119.

[2] B. V. Ratchford, *American State Debts* (Durham: Duke University Press, 1941), pp. 26-28.

[3] Derived from U. S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1957* (Washington, D. C., 1960). Series Z 336, p. 772.

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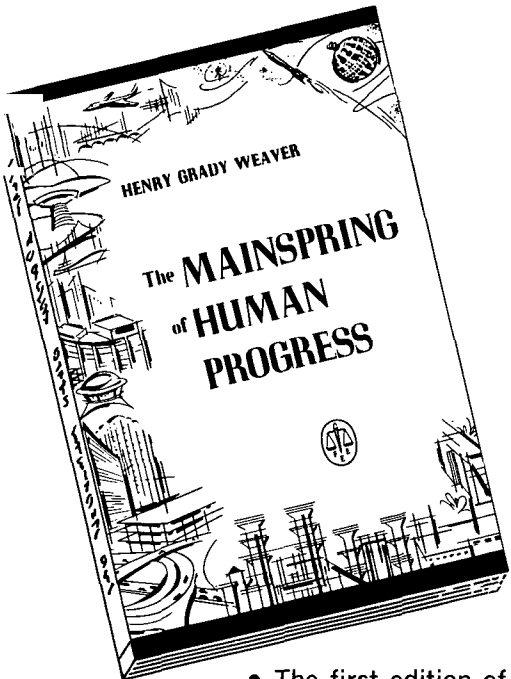

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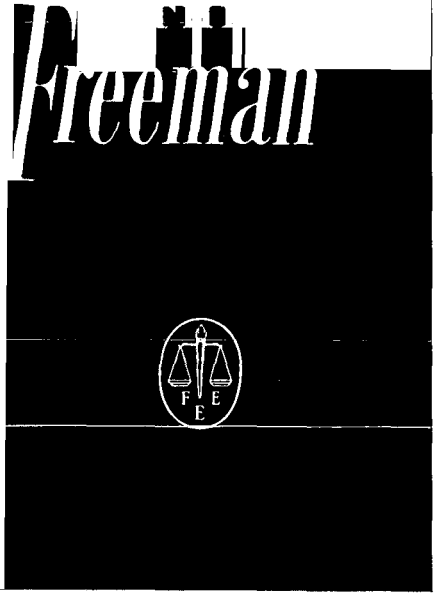

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